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Solicitation Contact Person:

Jamey Schultz
 Contracts and Purchasing Section
 701 E. Jefferson, MD5700
 Phoenix, Arizona 85034

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 Issue Date: July 5, 2007

LOCATION: **ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION (AHCCCS)**
 Contracts and Purchasing Section (First Floor)
 701 E. Jefferson, MD5700
 Phoenix, Arizona 85034

DESCRIPTION: **CONTRACT FOR KIDSCARE ELIGIBILITY DETERMINATION SERVICES**

PROPOSAL DUE DATE: **September 14, 2007** AT 3:00 P.M. MST

Pre-Proposal Conference: A Pre-Proposal Conference has been scheduled for **July 18, 2007** from 2:00 PM to 5:00 PM. The Conference will be held in the following location:
AHCCCS Gold Room, Third Floor
701 E. Jefferson Street
Phoenix, Arizona

QUESTIONS CONCERNING THIS SOLICITATION SHALL BE SUBMITTED TO THE SOLICITATION CONTACT PERSON NAMED ABOVE, IN WRITING VIA E-MAIL BY July 31, 2007, AT THE LATEST.

In accordance with A.R.S. § 41-2534, which is incorporated herein by reference, competitive sealed proposals will be received at the above specified location, until the time and date cited. Proposals received by the correct time and date will be opened and the name of each offeror will be publicly read.


Proposals must be in the actual possession of AHCCCS on or prior to the time and date and at the location indicated above.

Late proposals shall not be considered.


Proposals must be submitted in a sealed envelope or package with the Solicitation Number and the offeror's name and address clearly indicated on the envelope or package. All proposals must be typewritten. Additional instructions for preparing a proposal are included in this solicitation document.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the appropriate Procurement Agency. Requests should be made as early as possible to allow time to arrange the accommodation. A person requiring special accommodations may contact the solicitation contact person responsible for this procurement as identified above.

OFFERORS ARE STRONGLY ENCOURAGED TO CAREFULLY READ THE ENTIRE SOLICITATION.

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OFFER

The undersigned Offeror hereby agrees to provide all services in accordance with the terms and requirements stated herein, including all exhibits, amendments, and final proposal revisions (if any). Signature also acknowledges receipt of all pages indicated in the Table of Contents.

Arizona Transaction (Sales) Privilege Tax License No.:

For clarification of this offer, contact:

Name: _____

Federal Employer Identification No.:

Phone: _____

E-Mail Address: _____

Fax: _____

Company Name

Signature of Person Authorized to Sign Offer

Address

Printed Name

City

State

Zip

Title

CERTIFICATION

By signature in the Offer section above, the bidder certifies:

1. The submission of the offer did not involve collusion or other anti-competitive practices.
2. The bidder shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, State Executive Order 99-4 or A.R.S. §§ 41-1461 through 1465.
3. The bidder has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer. Failure to provide a valid signature affirming the stipulations required by this clause shall result in rejection of the offer. Signing the offer with a false statement shall void the offer, any resulting contract and may be subject to legal remedies provided by law.
4. **The bidder certifies that the above referenced organization ___ is/ ___ is not a small business with less than 100 employees or has gross revenues of \$4 million or less.**

ACCEPTANCE OF OFFER (to be completed by AHCCCS)


Your offer, including all exhibits, amendments and final proposal revisions (if any), contained herein, is accepted.

The Contractor is now bound to provide all services listed by the attached contract and based upon the solicitation, including all terms, conditions, specifications, amendments, etc., and the Contractor's Offer as accepted by AHCCCS.

This contract shall henceforth be referred to as Contract No. _____.

Awarded this _____ day of _____ 20 _____

Michael Veit, as AHCCCS Contracting Officer and not personally

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1.0 **INTRODUCTION**

The Arizona Health Care Cost Containment System Administration (AHCCCSA) seeks to competitively procure Contractor administrative services for Arizona's 1) KidsCare program (i.e., State Children's Health Insurance Program - SCHIP), and 2) Health Insurance Flexibility and Accountability (HIFA) parent program. Contracted administrative services include screening and processing applications and renewals, determining premium amounts, responding to customer inquiries and complaints, conducting pre-hearing discussions and assisting with the appeal hearings, and providing other administrative services as specified herein. Depending on achieving successful outcomes, AHCCCSA may consider expanding the administrative role of the Contractor in the future.

The impetus for this request for proposal (RFP) was House Bill 2371, which was passed into law during the 2006 Arizona Legislative Session (See 2006 Session Law, Chapter 331, Section 29 in the AHCCCS Bidder's Library). The Bidder's Library can be found at <http://www.azahcccs.gov/Contracting/BidderLib.asp>. This session law requires AHCCCSA to issue an RFP for the privatization of eligibility determination and renewal services with a focus on saving the State money. In addition to saving State general fund monies, AHCCCSA wishes to achieve the following other objectives by entering into a partnership with a Contractor:

- Easier and better access to eligibility services for the consumer including a reduction in the amount of "churning" (e.g., children coming off and on the program)
- More efficient processing of applications and reviews that afford rapid turn around
- Increase in accuracy and integrity of eligibility and renewal determination decisions


Award is contingent on legislative approval and funding.

2.0 **BACKGROUND**

AHCCCSA is the single state agency charged with the responsibility of administering the AHCCCS program which is Arizona's Title XIX (Medicaid) and Title XXI (SCHIP) programs. The State's Medicaid program operates under a federal Title XIX Section 1115 research and demonstration waiver, delivering services to enrolled members through prepaid capitated health plans. Arizona's SCHIP program (referred to as KidsCare) is operated as a separate Title XXI program as opposed to a Medicaid expansion. An overview of these programs can be found in the *2005 AHCCCS Overview* that is on the AHCCCS web site at <http://www.ahcccs.state.az.us/publications/overview/2005/contents.asp>. In addition, Attachment A contains definitions of terms used in this solicitation document.

2.1 **KidsCare and HIFA Parent Program**

Arizona's KidsCare program covers children under the age of 19 in families with incomes below 200% of the federal poverty level (FPL). The federal Centers for Medicare & Medicaid Services (CMS) approved Arizona's Title XXI State Plan in September 1998. In addition through a HIFA waiver, AHCCCSA is able to use Title XXI monies to cover parents of children eligible for coverage under KidsCare or under Medicaid's SOBRA eligibility category. The coverage of this eligible group of parents is referred to as "HIFA parents or the HIFA parent program."

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All KidsCare eligible children and HIFA eligible parents are enrolled in the same AHCCCS managed care plans that deliver services to Medicaid eligible members. These individuals are also eligible to receive the same covered services as those eligible for Medicaid.

As of June 1, 2007 there were 64,453 children enrolled in KidsCare and 13,597 individuals enrolled as HIFA parents. The State Fiscal Year (SFY) 07 budget for the provision of medical services to KidsCare children and HIFA parents is \$149,078,200 of which \$104,276,300 is for KidsCare children. For SFY 07 AHCCCSA has been appropriated \$4,467,100 to cover the cost of performing the administrative services required to be performed by the Contractor in this RFP. Attachment B provides details on the SFY 07 budget for administrative services to be performed by the Contractor versus those administrative services that will continue to be performed by AHCCCSA.


Monthly enrollment statistics for the AHCCCS program and in particular the KidsCare and HIFA parent program can be found on the AHCCCS web site at www.ahcccs.state.az.us/Statistics/. Statistics regarding reasons for denials and discontinuances are also included in these monthly reports. Program requirements for KidsCare and HIFA parents are set forth in Arizona Revised Statutes (A.R.S.) Title 36, Chapter 29, Article 4; Arizona Administrative Code (A.A.C.) Title 9, Chapter 31; and Arizona Session Laws 2006, Chapter 331, Section 32. Monthly financial statements for the AHCCCS program including the KidsCare and HIFA parent program can be found on the AHCCCS web site at <http://www.ahcccs.state.az.us/Site/PlanBudget.asp>.

2.2 Overview of Eligibility Process

The AHCCCS Division of Member Services (DMS) is responsible for determining eligibility for KidsCare and HIFA parents. Responsibility for determining Medicaid eligibility is divided between 1) the Arizona Department of Economic Security (DES), Family Assistance Administration (FAA) that determines eligibility under Section 1931 of the Social Security Act and under the Sixth Omnibus Reconciliation Act (SOBRA), 2) AHCCCSA that determines eligibility for supplemental security income (SSI) medical assistance only (MAO), Medicare cost sharing, and the Arizona Long Term Care System program (ALTCS), and 3) the federal Social Security Administration that determines SSI eligibility.

Children under the age of 19 and parents (i.e., parents of KidsCare or SOBRA eligible children) are eligible to receive Title XXI services if: they are residents of Arizona, live in families with incomes below 200% of FPL, have had no health insurance coverage within the last three months, are not employed by the State and are not eligible for Medicaid. Resources are not considered in determining eligibility. Current policies and procedures used by AHCCCSA in determining KidsCare and HIFA parent program eligibility are set forth in the *AHCCCS KidsCare Manual* that can be found in the AHCCCS Bidder's Library.

AHCCCSA uses a single application referred to as the AHCCCS Health Insurance Application. This application is available in hardcopy or can be downloaded from the AHCCCS web site. Families must complete and submit this application along with certain required documentation (e.g., pay stubs or

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documentation of citizenship) to AHCCCSA. AHCCCSA screens the applications for Medicaid and if applicants are found to be eligible for Medicaid, their applications are forwarded to DES. DES has its own separate application that is used to process eligibility for Medicaid, and other public assistance programs such as Food Stamps, Cash Assistance (see FAA Application for Assistance at <http://www.de.state.az.us/faa/appcenter.asp>). If DES determines that an applicant is ineligible for Medicaid but may be potentially eligible for the KidsCare or HIFA parent program, DES forwards these applications to AHCCCSA for processing. AHCCCSA conducts eligibility renewals for KidsCare children and HIFA parents every 12 months, or more frequently if changes in status potentially impact eligibility.

In addition to DES, AHCCCSA also partners with approximately 35 community-based organizations throughout the state. These organizations use a web-based application referred to as Health-e-Arizona to refer over 400 applicants per month to KidsCare for eligibility processing. AHCCCSA expects the number of applications flowing through Health-e-Arizona to increase in the future.

Additional statistics regarding the number of applications and renewals processed monthly is provided in the monthly KidsCare Enrollment Reports that are found on the AHCCCS web site: www.ahcccs.state.az.us/Statistics/.

2.3 Overview of Enrollment Fee and Premium Payments


All HIFA parents are required to pay a one time enrollment fee. Additionally, monthly premium payments are required of certain KidsCare and HIFA families based on their income level and family size. The enrollment fee and premium payment amounts for KidsCare and HIFA families are set forth in A.A.C. R9-31-1402 and R9-31-1724. Under this contract, AHCCCSA will continue to be responsible for collecting the enrollment fee and premium payments from eligible KidsCare and HIFA families.

2.4 Overview of Management Information Systems

2.4.1 Eligibility Support Systems


A brief description of the management information systems that AHCCCSA utilizes to process KidsCare and HIFA parent eligibility applications and renewals is provided below.

- AHCCCS Customer Eligibility (ACE) is an AHCCCS application used for possessing eligibility for the following AHCCCS programs: KidsCare and HIFA parents, SSI MAO, including the SSI MAO specialty groups and federal emergency services; Medicare cost sharing programs; and the ALTCS program. New eligibility and changes that are dispositioned in ACE are transmitted to PMMIS every night.
- Technical Interface Process System (TIPS) is a program that allows data to interface between ACE (AHCCCS KidsCare database) and AZTECS (DES database). TIPS has two functions: 1) sending records of potentially Medicaid eligible applicants from

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AHCCCS to DES, and 2) receiving records from DES of denied and discontinued individuals who are potentially eligible for the KidsCare or HIFA parent program. Staff can access TIPS through ACE.

- Prepaid Medicaid Management Information System (PMMIS) is an AHCCCS software system that maintains information on individuals who are or were receiving AHCCCS benefits. PMMIS is use to find current or previous Medicaid, KidsCare or other AHCCCS eligibility, demographic information, other health insurance coverage, health plan enrollment, and list of case members. PMMIS is updated daily with eligibility and other changes from ACE; AZTECS; and the Social Security Administration.
- KidsCare Eligibility Determination System (KEDS) is a subsystem of the PMMIS system. Prior to the implementation of ACE, KEDS was used to maintain data and process eligibility for KidsCare and the HIFA parent program. Beginning in May 2006, AHCCCS processes all new applications received in ACE with renewals being processed in KEDS and then converted to ACE if the individuals remains eligible.
- Imaging Systems – Fortis & KOFAX: Westbrook Fortis is the electronic document management system used by AHCCCS for the purposes of converting paper documents into electronic images. Scanned images are automatically transmitted over a secure VPN connection to AHCCCS servers from which they are released in the Fortis electronic document management system. Users can retrieve, view and annotate documents that are stored in Fortis. KOFAX Ascent Capture is the front end scanning software used by the scanner to capture the image and deliver it to the Fortis imaging software.
- Arizona's Technical Eligibility Computer System (AZTECS) is a DES software system that maintains information on individuals who are or were receiving Cash Assistance, Medicaid (for those eligibility categories determined by DES) or Food Stamps. AZTECS is used to find demographic information, list of case members, other health insurance coverage, child support income, income used in the eligibility determination, and current or previous Cash Assistance and Food Stamps eligibility. AZTECS is an investigative tool used to obtain information about a customer's household composition, income and resources that were reported to DES.
- General Unemployment Insurance Development Effort (GUIDE) is a DES software system that automates the processing of unemployment insurance claims and benefits payments. AHCCCSA has direct on-line access to GUIDE and uses GUIDE to verify receipt of unemployment insurance, and obtain information about recent employment (employer and date last worked). GUIDE contains data that individual employers report to Unemployment Insurance (UI) and reflects wages earned in a prior quarter. Therefore, GUIDE cannot be used to verify current wage and employer information as UI is not the originator of the data. If wage or employer information does not seem to


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be consistent with information reported by the customer, the eligibility specialist contacts the employer directly to verify the data.

- Systematic Alien Verification for Entitlements (SAVE) Program's Verification Information is a web-based application that queries the federal immigration database and provides a way for the State to verify an applicant's or recipient's immigration status. The system also gives the user a way to submit additional information electronically to an Immigration Status Verifier when further research is necessary by the U.S. Department of Homeland Security.
- Wire Third Party Query (WTPY) is a Social Security Administration automated system used to verify a person's social security number, Social Security benefits, Supplemental Security Income benefits and Medicare. The system is accessed through ACE or PMMIS. Responses are usually received on the next business day following the request, provided the request is completed by 2:20 p.m. If the request is completed after that time, the response is delayed one day.
- Arizona Vital Record Database is a web-based application containing information on births registered in Arizona on and after January 1, 1950. This database is used to document U.S. citizenship for applicants and recipients. Eligibility staff enter required demographic information into the database and if there are matches they receive the results instantly.
- Client Contact Tracking System (CCTS) is an AHCCCS wide coordination tracking system used for customer inquiries. This system allows AHCCCS staff to respond, in a timely manner, to concerns expressed by members, providers and other stakeholders.
- Premium Billing and Collection System is used to maintain information concerning KidsCare enrollees and HIFA parents who are required to pay premiums. Through this system AHCCCSA is able to credit payments, make household adjustments, inquire account information, request correspondence, maintain the household status and generate report request. The system is also used to collect premium payments for other AHCCCS programs.

3.0 ELIGIBILITY DETERMINATION OPERATIONS

The Contractor shall be responsible for the eligibility determination and renewal process for Title XXI eligible families (KidsCare children and HIFA parents). Eligibility determinations for Title XXI applicants and renewals shall be made by the Contractor in accordance with AHCCCS Title XXI rules and policies and shall comply with any future changes in eligibility rules and policies. The Contractor shall process initial applications and renewal documents timely and accurately in accordance with performance standards contained within this RFP. The Contractor is required to use the current AHCCCS Health Insurance

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application and other forms and notices that are generated by the ACE system. AHCCCSA will solicit input from the Contractor in any future redesigns of the applications, forms and notifications.

AHCCCSA shall be responsible for establishing and maintaining the policies for the KidsCare and HIFA parent program and shall provide clarification on any policy related issues raised by the Contractor.

3.1 Initial Applications

3.1.1 Application Processing

The Contractor shall have the ability to accept applications by mail, facsimile, electronically, or in person at the Contractor's Phoenix office.


Within **one** business day of receipt of the application, the Contractor shall register all valid applications (i.e., has a signature) in ACE as well as the name of the eligibility specialist assigned to the case. The Contractor shall scan the application and any supporting documentation into Fortis and shall also query the system to determine if the applicant is currently enrolled in the AHCCCS program. Within **two** business days of receipt of the application, the Contractor shall prescreen the application packet received from an individual for 1) accuracy and completeness, 2) potential Medicaid eligibility and referral to DES, and 3) need for expedited eligibility processing.

The Contractor shall develop and implement a process and procedure for contacting applicants with incomplete or missing information on their applications. The Contractor shall follow up on all incomplete applications by making, at a minimum, one written request for any additional information necessary to determine eligibility. The Contractor shall generate the written request (using the "Request for Information" form on ACE) and mail the request to the applicant. In addition to the written request, the Contractor may also email or call the applicant to obtain the needed additional information. The Contractor shall allow the applicant to submit the missing information by mail, facsimile, electronically or in person.

The Contractor shall review and process all applications to final disposition (i.e., either eligible or ineligible) within **30** calendar days from the date of receiving the application. The Contractor shall make the eligibility determination using the criteria set forth in A.A.C. Title 9, Chapter 31. Under certain circumstances the Contractor shall verify information by:

- Querying systems such as WTPY, SAVE, Arizona Vital Records Database, PMMIS, GUIDE, AZTECS
- Requesting additional documents such as pay stubs, birth certificates be submitted
- Contacting an applicant's employer for income and third party liability (TPL) information

The Contractor shall enter into ACE the final eligibility disposition and documentation supporting the eligibility decision, the premium amount, and the health plan choice of any person determined eligible. Subsequently, AHCCCSA will mail system-generated

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notifications to all applicants advising them of the final determination and explaining their appeal rights. The Contractor shall be responsible for mailing any manually-generated decision notices.

3.1.2 Expedited Eligibility Determination

The Contractor shall have processes in place to expedite the eligibility process for applicants who meet any of the following conditions:

- Is pregnant
- Has a serious medical or chronic condition as defined in A.A.C. R9-31-303
- Has been referred by another State agency or contracted entity (e.g., Children’s Rehabilitative Services, Regional Behavioral Health Authority)


These “expedited” applications shall be reviewed and processed to final disposition (i.e., either eligible or ineligible) within **20** calendar days from the date of receiving the application.

3.1.3 Health-e-Arizona Applications

Health-e-Arizona applications are received by AHCCCSA through the TIPS interface. Some applications are automatically registered in ACE. “Problematic” applications, those applications for which a discrepancy exists between the current application and information located on previous application or other systems, are not automatically registered in ACE.

The Contractor shall log into the ACE TIPS interface on a **daily** basis and review all Health-e-Arizona applications that have been submitted for coverage under the KidsCare and HIFA parent program. The Contractor shall research all applications that have not been automatically registered in ACE within **one** business day of receipt and either register them in ACE through the TIPS interface, or if appropriate, bypass the registration process.

The Contractor shall log into the Health-e-Arizona website on a **daily** basis and reconcile the applications displayed in the ACE TIPS HEA KidsCare interface summary with the unassigned applications in Health-e-Arizona. The Contractor shall print the Application Summary along with any accompanying documentation off the Health-e-Arizona website and scan these documents into Fortis. The Contractor shall assign each application to an eligibility worker in ACE, Fortis and the Health-e-Arizona database. After completing the verification and determination steps described in the previous sections above, the Contractor shall enter the final decision in ACE for each registered case and a disposition outcome in the Health-e-Arizona database for each registered and each bypassed application within **30** calendar days of the signature date. For those applications that bypass the registration process, the Contractor shall work expeditiously to determine the action required on the application in order to meet the 30 calendar day time period for final disposition of applications.

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The Contractor shall work cooperatively with the community organizations and their application assisters that are Health-e-Arizona users. This includes fostering open communication between the Contractor's staff and the application assisters regarding the status of the application, the documentation needed to complete the application process and if applicable the reason for a KidsCare denial.

AHCCCSA is currently working on automating a number of the processes (e.g., printing of the application summary) described above. These automated processes may be implemented by the time the Contract is awarded.


3.1.4 Referrals to and from DES

If the applicant appears to be potentially eligible for Medicaid, the Contractor will: 1) approve the application for KidsCare or HIFA parent program, pending the Medicaid determination by DES, and 2) send the application and verification documents to DES. The latter is currently accomplished by using TIPS screens in ACE to identify records sent to DES and then Fortis and the e-mail systems to extract and send the supporting documentations (i.e., application and verification documentations). By the time the Contract is awarded, the documents may be able to be sent through the imaging system. For applications that are received through Health-e-Arizona, the Contractor shall use the Health-e-Arizona referral function when referring the application to DES.

When an individual submits a Medicaid application to DES and DES determines that the applicant is not Medicaid eligible (for reasons other than failure to cooperate) but is potentially eligible under the KidsCare or HIFA parent program, DES will refer the application to the Contractor via TIPS. The Contractor shall establish a process by which it determine KidsCare or HIFA parent eligibility no later than **30** calendar days from the date DES refers the Medicaid denied applicant. This process shall include collecting the daily "mailed file of referrals," saving these files as a text document, ensuring a receipt of a complete KidsCare or HIFA parent application (e.g., sending out a new application for the applicant to complete or requesting additional information that is missing from the DES Medicaid application), and entering the eligibility information and disposition into ACE. AHCCCSA is currently working on automating more of the processes (e.g., printing of the application summary) described above. These automated processes may be implemented by the time the Contract is awarded.

When DES discontinues a currently enrolled Medicaid eligible recipient, if appropriate, eligibility for KidsCare or HIFA parent program is automatically transferred via TIPS to ACE for approval or disapproval.

- If the system automatically approves the individual for KidsCare or the HIFA parents program, AHCCCSA will notify the individual of their approved eligibility and the Contractor shall be responsible for sending on the premium payment notice.

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- If the individual is already in ACE and there is a data mismatch (e.g., different birth date) or the individual is shown as active in the system, the case will be pended. The Contractor shall resolve these pended cases, researching ACE and PMMIS to identify the actual person and household before adding them to an existing record or creating a new record in ACE. This research must be completed within **ten** calendar days of the pend date.

3.2 Annual Renewals

The Contractor shall review and update the eligibility of enrolled KidsCare children and HIFA parents at least every **12** months. AHCCCSA will identify enrolled individuals due for annual renewal and will send notices, including the renewal form to these individuals **60** days prior to their renewal date. The Contractor shall follow the same time frames described above for initial applications for the processing of renewals, e.g., all completed renewals shall be processed within **30** calendar days of receipt of the renewal application. See Section 5.3 – Information Distribution and Mailing for a description of the Contractor’s responsibility related to returned mail.

AHCCCSA wishes to improve the efficiency and effectiveness of the renewal process, minimizing the number of non-factual denials and discontinuances. In order to achieve this, the Contractor may adopt different renewal procedures from those that are currently being employed by AHCCCSA. These processes must be approved by AHCCCSA.


3.3 Changes in Status

The Contractor shall establish a process for receiving and updating in ACE any changes in demographics (e.g., address, name change), eligibility status or amount of the premium payment based on information received from members, AHCCCS health plans, AHCCCSA, DES, etc. Upon receipt of this information, the Contractor shall make a determination as to whether a redetermination of eligibility or premium payment amount is required. This redetermination, if appropriate, must occur within **ten** business days in the event of a reported status change.

Every year when the FPL standard increases, AHCCCSA conducts a mass change that impacts all currently enrolled members because of the change in the standards used for determining new eligibles. Conducted in March of each year, this systematic process automatically applies the new FPL standard in determining ongoing eligibility for enrolled members and recalculates the KidsCare and HIFA parents monthly premium payment amounts. The Contractor shall be responsible for resolving any discrepancies that are identified in the mass change process.

4.0 PREMIUM PAYMENTS

As part of the eligibility process the Contractor shall determine the appropriate premium payment amount and make any necessary adjustments or changes to this amount as set forth in A.A.C. R9-31-1402 and R9-31-1724. ACE will calculate premium and enrollment fee payments and associated adjustments with interface to

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the AHCCCS premium billing and collection system. The Contractor may grant hardship premium payment waivers to children as set forth in A.A.C. R9-31-1404.

AHCCCSA, Division of Business and Finance (DBF) shall be responsible for billing and collecting the enrollment fee and premium payment amounts from the eligible KidsCare and HIFA members. The Contractor shall send any enrollment fee and premium payments it receives to the DBF, Premium Billing Unit within one business day of receipt. The Contractor shall coordinate with DBF as appropriate, including but not limited to the review of cases in which members made late payments requiring that their eligibility be reinstated. If the member is in an appeal status and does not pay the monthly premium, the member shall be discontinued for non-payment of the premium.

5.0 **CUSTOMER SERVICE**

The Contractor shall provide customer service sufficiently comprehensive to courteously, appropriately and adequately answer questions regarding KidsCare and HIFA parent program, especially those related to program areas for which the Contractor is responsible. Customer service shall include a combination of written, and verbal functions and in particular the Contractor is encouraged to contact customers electronically through a secure e-mail.


The Contractor shall have courteous, bi-lingual (English and Spanish) customer service personnel who can accurately answer questions and provide information about:

- KidsCare and HIFA parent program
- Status/disposition of individual applications and renewals
- Status and other inquiries regarding enrollment fee and premium amounts and when the payment is due

Customer service staff shall be knowledgeable about the application and renewal process, eligibility criteria, enrollment fee and premium amounts, premium billing due dates, complaints and appeal processes, participating health plans and other pertinent program information. As part of its Quality Assurance Plan, the Contractor shall establish performance measures for customer service that are reported monthly to AHCCCSA.

The Contractor shall provide assistance to individuals who require help in completing an application or renewal form. The Contractor shall also make oral translation services available, upon request.

If the Contractor prepares customer informational materials (e.g., renewal forms, web materials), these materials must be approved by AHCCCSA prior to distribution. These materials shall be translated into English and Spanish and shall, where appropriate, inform customers (i.e., applicants and enrolled members) of their right to interpretation and translation services. Oral interpretation services must be available free of charge to all consumers regardless of the prevalence of the language. The Contractor shall make every effort to ensure that all information prepared for distribution to consumers is written at a 4th grade level. Regardless of the format chosen by the Contractor, the consumer information must be printed in a type, style and size,

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which can easily be read by consumers with varying degrees of visual impairment. The Contractor shall make alternative formats available to consumers as appropriate.

5.1 Customer Service Line


The Contractor shall maintain a toll-free customer service line dedicated to the KidsCare and HIFA parent program. The Contractor shall use the same toll-free number that is currently used for KidsCare and HIFA parent program inquiries. At a minimum the customer service line shall:

- Be staffed at a minimum five days per week, Monday through Friday 8:00 a.m. to 5:00 p.m., Mountain Standard Time (MST), except State-approved holidays
- Result in a monthly average abandonment rate that is less than **five percent** and a monthly average wait time of less than **one minute**
- Have access to a telecommunication device for the deaf or hard of hearing (TDD/TTY) and to interpreter services for when there is not an operator available who speaks the caller's language
- Have 24-hour bi-lingual (English and Spanish) voice messaging capability for those times during which the line is not staffed. Any calls left on the 24-hour voice messaging service must be returned by the **following** business day. In the event the first attempt to reach the caller is not successful, the Contractor shall make, at least, one more attempt to return the call.
- Have the ability to make soft transfers to the AHCCCSA and DES (Dept. of Economic Security) call centers for non-KidsCare/HIFA parent inquiries
- Include an automated call reporting system that is able to track and report on customer service line performance

5.2 Inquiries and Correspondence

The Contractor shall respond to oral, written or electronic inquiries from individuals or organizations regarding the eligibility process for the KidsCare and HIFA parent program. For electronic correspondence, the Contractor must, as appropriate, utilize a secure e-mail system in order to maintain confidentiality. The Contractor shall document and track all inquiries with dates of receipt and response, and the nature and disposition of communication. Correspondence that is not directly related to KidsCare and HIFA parent eligibility shall be referred to AHCCCSA along with any requests for information about program operations or data requests received from organizations other than AHCCCSA. AHCCCSA shall send all KidsCare and HIFA parent program-related questions that are received through the AHCCCS web site to the Contractor who shall be responsible for answering. AHCCCSA shall also refer inquiries regarding premium payment billings to DBF.

The Contractor shall use the AHCCCS/KidsCare logos on all correspondence but may also use the Contractor's own company logo. Correspondence must be applicant/member-oriented and written at an appropriate level, in the appropriate language (English or Spanish or indication of availability of oral translation services) and in plain language, understandable to the recipient.

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5.3 Information Distribution and Mailings

The Contractor shall distribute application and renewal forms and other program materials developed by AHCCCSA to any organization or individual making a request to the Contractor for such materials.

The Contractor shall be responsible for printing and mailing (including the cost of postage) for the following:

- Initial application (using the AHCCCS Health Insurance template)
- All manually-generated notices (including decision notices) or forms such as requests for additional information (using the AHCCCS notice/form templates)
- Renewal notifications and forms, if the Contractor opts to utilize a different renewal notification process other than the one available through ACE
- Requests for applications or renewal forms or other KidsCare and HIFA parent program information

AHCCCSA shall be responsible for printing and mailing (including the cost of postage) all system-generated decision notices, including discontinuances and notices informing the recipients that it is time for them to renew their eligibility. If the Contractor opts to not utilize the automatic-ACE renewal notice process, the Contractor may be responsible for notifying the member of the renewal disposition.


The Contractor's mailing address will be on envelopes, containing any KidsCare and HIFA parent program material that is mailed out either by the Contractor or AHCCCSA. The Contractor shall be responsible for resolving the reason for the mail being returned within **10** calendar days of receiving the returned mail. The Contractor shall accomplish this by researching the address in other systems (e.g., AZTECS, PMMIS), and by attempting to contact the member. If the Contractor locates a correct address, the Contractor shall enter the correct address into ACE and re-mail the information to the member. If the Contractor is not able to locate a correct address the Contractor shall discontinue the member's eligibility.

5.4 Optional Customer Services

As part of its response to this RFP, the Contractor may propose to provide two additional customer services – a program web site or an outreach program to eligible but not enrolled individuals. AHCCCSA will make the final determination during the contract negotiation process as to inclusion of these additional services in the contract.

5.4.1 Web Site

Currently, AHCCCSA maintains a web site for the AHCCCS program that includes information about the KidsCare and HIFA parent program. The Contractor may at its option propose to develop, and maintain a web site for the KidsCare and HIFA parent program in

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order to promote the availability of the program and educate the public about the eligibility process, changes in program policies, participating health plans, benefits and other events related to the program.

The web site shall be, at a minimum, accessible in English and Spanish and must have a hyperlink to the AHCCCS web site. The contents of the web site must be approved by AHCCCSA and must be updated as necessary, or as directed by AHCCCSA.

5.4.2 Outreach

Currently, AHCCCSA does not directly operate any large-scale formalized outreach program. In the past this activity has been performed by local community organizations. The Contractor may at its option propose to develop and implement an outreach program that would encourage potentially eligible families to apply for KidsCare or HIFA parent program.

6.0 COMPLAINTS AND APPEALS

The Contractor shall be responsible for handling complaints, and the filing and processing of appeals, including pre-hearing discussions. The Contractor shall designate a specific staff person who shall be responsible for overseeing the complaints and appeals processes.


6.1 Complaints

The Contractor shall execute processes to investigate, resolve and track complaints received regarding the KidsCare or HIFA parent eligibility process or any other actions taken or activities performed by the Contractor. The Contractor shall attempt to expeditiously resolve or rectify the situation to the complainant's satisfaction, if appropriate. The Contractor shall respond to the complainant either in writing or verbally. The Contractor shall document complaints and any resolution provided by recording comprehensive case notes in the ACE system for the particular case at issue. The Contractor shall maintain records of all contacts, correspondence and action taken to resolve inquiries and complaints.

For any complaints received which are not related to the KidsCare and HIFA parent eligibility process or the Contractor's operation, the Contractor shall document the complaint in the AHCCCS Client Contact Tracking System (CCTS) and refer the complaint to the AHCCCS Office of Client Advocacy.

6.2 Appeals

The Contractor shall support and assist the State in administering the KidsCare and HIFA parent eligibility appeals process. The State's Office of Administrative Hearings will be responsible for conducting hearings related to appeals of KidsCare and HIFA parent eligibility and premium amount decisions. The AHCCCS Office of Administrative Legal Services will be responsible for scheduling

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the appeal hearings, tracking appeal hearings, and reviewing appeal decisions issued by the Office of Administrative Hearing.

The Contractor shall be responsible for carrying out all the current DMS responsibilities related to eligibility appeals set forth in the *AHCCCS KidsCare Manual* (See Chapter 1500). This includes but is not limited to the following:

- Assist the applicant/enrolled member in filing a request for hearing, if the person asks for help
- Notify in writing (via email or fax) the AHCCCS Office of Administrative Legal Services, no later than the **next** business day upon receipt by the Contractor of any formal verbal or written request for an appeal hearing related to an eligibility decision or premium amount
- Attempt to resolve the appeal informally by conducting a pre-hearing discussion with the person who has filed the appeal in order to 1) review all material received and explain reason for denial, discontinuance, or increase in premium payment amount, 2) verify the information on the application and other documentation is complete and accurate, and 3) review the determination decision to revalidate its accuracy
- Track and trend the pre-hearing process related activities including, actions taken, and if applicable, resolutions and reasons for withdrawal of the appeals and submit a quarterly report as specified in Section 9.0
- Provide copies of all voluntary withdrawals to the Office of Administrative Hearings and/or AHCCCS Office of Administrative Legal Services no later than the **next** business day upon receipt of the withdrawal by the Contractor
- Prepare and send a hearing packet with all applicable information related to the appeal such as, notification of appeal, application, verification and documentation, case notes. This information shall be provided to the AHCCCS Office of Administrative Legal Services within **five** business days of receipt of the hearing request.
- Prepare, on behalf of the State, responses to appeals; appear, testify and present evidence at appeal proceedings conducted by the Office of Administrative Hearings; prepare and submit appropriate motions and briefs as required by the appeal hearing process and provide legal assistance and representation as necessary at the Contractor's expense
- Provide information, if requested, to applicants or enrolled KidsCare or HIFA members on the appeal process
- As a result of the hearing, implement the corrective actions required by the appeal decision issued by the AHCCCS Director or his/her designee (e.g., reinstate eligibility) within **five** business days of the mailing of the decision.


7.0 PERFORMANCE MEASURE

In addition to the requirements detailed elsewhere in this proposal, the Contractor shall throughout the term of this contract meet the performance thresholds that are specified in the table below. AHCCCSA in conjunction with the successful bidder may develop and implement other performance standards than those listed in the table. If the Contractor's performance falls below a performance threshold or previous performance level, the Contractor shall develop and implement an AHCCCSA approved corrective action plan. The Contractor's

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corrective action plan shall define the problem, describe recommended interventions to improve performance, describe interim monitoring to measure the effectiveness of the interventions, and set a measurable threshold for discontinuations of the corrective action plan. If the Contractor does not comply with the corrective action plan, AHCCCSA may impose any available remedy under this contract, including sanctions (see Uniform and Special Terms and Condition Sections).

Performance Measure	Performance Threshold
Timely Disposition of Applications All applications will be dispositioned by the Contractor within 30 calendar days of application date AHCCCSA shall calculate performance as it relates to disposition of the applications using the data contained in ACE	Monthly average of 95% timeliness
Timely Disposition of Renewals All renewals will be dispositioned by the Contractor within 30 calendar days of the receipt date AHCCCSA shall calculate performance as it relates to disposition of the applications using the data contained in ACE.	Monthly average of 95% timeliness
Accuracy of Eligibility Determination The Contractor's eligibility determination error rate shall not exceed 3%. AHCCCSA shall calculate eligibility determination accuracy by conducting a statistically valid review of the Contractor's eligibility files (initial and renewals) to determine the accuracy rate.	Average of 97% accuracy per quarter
Accessibility of Customer Service Line <ul style="list-style-type: none"> <u>Wait Time</u>: The time it takes when a call enters the Contractors' queue to the time when the call is answered shall be no longer than 1 minute. <u>Call Abandonment Rate</u>: The Contractor shall maintain a call abandonment rate that is less than 5.0% that is determined as the percentage of calls that were queued and either hung up before they were presented to the appropriate person or hung up before the appropriate person could answer the ringing call. 	Monthly average answer time of 1 minute Monthly 5.0% call abandonment rate


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Performance Measure	Performance Threshold
The Contractor shall calculate performance measure results for customer service and submit these results in monthly reports to AHCCCSA.	
Accuracy of Customer Service Response The Contractor's customer service responses will be accurate at least 97% of the time. The Contractor shall monitor an agreed upon number of customer calls each month and determine the percentage of error free calls.	Monthly 97% of monitored calls are error free.

8.0 QUALITY ASSURANCE PROCESS

The Contractor shall put in place a quality assurance program that includes processes for: 1) monitoring the Contractor's compliance with all contract requirements and attainment of contract performance standards, and 2) implementing corrective actions to address any deficiencies or identified opportunities for improvement. Specific components of the Contractor's quality assurance program must include, processes for:

- Monitoring and evaluating all functional areas performed by the Contractor, e.g., eligibility screening and processing, customer services, staff training, pre-hearing discussions. This must include:
 - A monthly review of eligibility files to determine accuracy of the eligibility determination. During the first six months of operation, the Contractor shall review eligibility determinations made by all employees. On an ongoing basis 1) the Contractor shall review 1) all eligibility determinations made by any new employees during their first six months of employment and 2) a sample of eligibility determinations made by all other employees. A copy of the review tool shall be provided with the plan. Results of the reviews and action taken shall be provided to DMS (Division of Member Services).
 - An ongoing survey of consumer satisfaction with the services provided by the Contractor with a quarterly report summarizing the survey results and action taken to address any identified areas of improvement. A copy of the survey tool shall be provided with the plan.
 - Ongoing measurement of customer services performance measures (see Section 7.0) and other contract performance standards (e.g., timeliness requirements for provision of appeal related information, eligibility process timelines)
- Developing, implementing and monitoring interventions (including corrective action plans) to address deficiencies and continuously improve Contractor operations
- Providing AHCCCSA, as necessary, with reports on the Contractor's performance and the results of interventions
- Allocating resources necessary for assuring contract operations that meet the performance standards

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8.1 Quality Assurance Plan

The Contractor shall develop a Quality Assurance Plan that describes in detail the structure and processes of the Contractor's quality assurance program, including copies of policies and procedures. The Contractor shall submit the initial Quality Assurance Plan to AHCCCSA for approval within **60** days after contract award and thereafter the annual Quality Assurance Plan shall be submitted to AHCCCSA for approval **45** days after the beginning of the new contract year. In addition, the Contractor shall annually review and update the plan, evaluating the previous year's activities and identifying all goals and initiatives for the upcoming year. As part of this plan the Contractor shall include strategies for addressing specific Contractor performance requirements that AHCCCSA will establish annually in order to address targeted areas for improvement.

8.2 Quality Reviews and Audits


The Contractor shall cooperate fully with AHCCCSA or any other governmental entities that are conducting quality reviews or audits related to activities performed under this contract such as federal eligibility determination quality control reviews.

In particular, the Contractor shall work collaboratively with CMS and AHCCCSA as it relates to the federal Payment Error Rate Measures (PERM) reviews and AHCCCS-conducted quality evaluations of eligibility determinations. The PERM rating period is yearly from October through September, every three years beginning with Federal Fiscal Year 2008, which begins October 2007 (see http://www.cms-perm.org/index.php/perm/project_files/letter_to_the_states). In order to determine the accuracy of the Contractor's eligibility determination decisions (initial and renewals), the AHCCCS Quality Compliance Administration shall conduct quarterly quality evaluations. A description of the methodology to be employed can be found in the AHCCCS Bidder's Library. The Contractor shall provide all supporting documentation for selected eligibility decisions to the Quality Compliance Administration for review. The error tolerance level is set at three percent. If the error rate for any rating period exceeds the three percent tolerance level, the Contractor shall develop and submit to AHCCCSA for approval a corrective action plan that sets forth steps the Contractor shall take to address the error trends and improve the accuracy of the eligibility decisions.

9.0 REPORTING REQUIREMENTS

9.1 Notification

In addition to the requirements set forth under the section of the RFP on the Business Continuity and Recovery Plan, the Contractor shall notify the AHCCCS assigned contract specialist and DMS Project

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Manager immediately by telephone and by email of any and all problems when discovered that may affect the daily operations of the contract and/or any area impacting the Contractor's operation.


9.2 Standard Reports

The Contractor shall submit to AHCCCSA the reports described below. AHCCCSA may make reasonable requests for additional information not referenced herein or may request that the Contractor address any identified deficiencies as a result of reviewing the reports. The Contractor shall comply with all such reasonable requests in a timely manner. All reports shall include an executive summary, strategic analyses or trend and recommendations, including any corrective actions that the Contractor plans to implement to correct any identified deficiencies. The submission of late, inaccurate or otherwise incomplete reports shall constitute failure to report subject to the penalty provisions described in this contract. Standards applied for determining adequacy of required reports are as follows:

- Timeliness:* Reports or other required data shall be received on or before scheduled due dates
- Accuracy:* Reports or other required data shall be prepared in strict conformity with appropriate authoritative sources and/or AHCCCS defined standards
- Completeness:* All required information shall be fully disclosed in a manner that is both responsive and pertinent to report intent with no material omissions.

AHCCCSA requirements regarding reports, report content and frequency of report submission are subject to change at any time during the term of the contract. The Contractor shall comply with all changes specified by AHCCCSA.

REPORT	Due Date	Send To
Eligibility Applications		
Monthly Eligibility File Reviews – summarizing the results of the monthly review of eligibility cases processed by the Contractor's employees	20 days after the end of each month	DMS
Quarterly Customer Survey Results	20 days after the end of the contract quarter	DMS
Customer Services		
Monthly Customer Service Performance Measure – performance measure results as specified in Section 7.0 of this RFP for wait time, call abandonment rate and accuracy of customer service response.	20 days after the end of each month	DMS
Appeals		
Monthly Appeals Performance Report – results of	20 days after the end of each	DMS


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REPORT	Due Date	Send To
appeals related performance standards as specified in Section 6.3 of this RFP (i.e., timely notification of appeal requests, withdrawals, submittal of hearing packet and implementation of hearing decision).	month	
Quarterly Appeal Report – analyzing reasons for appeals and the resolution of appeals, including the identification of any improvements needed in the Contractor’s eligibility processes.	20 days after the end of each contract quarter	DMS
Financial		
Semi Annual Financial Statement specifically for the Contractor’s line of business being performed under this contract.	60 days after the end of each 6 month contract period	DBF (Division of Business & Finance) - Finance
Annual Statement on Auditing Standards (SAS) No. 70. Service Organizations Examination with a Type II Service Auditor’s Report	120 days after year end	DBF - Finance
Annual Financial Audit Report conducted by independent certified public accounting entity for the subsidiary and/or parent company if applicable.	120 days after year end	DBF - Finance
Other Reports		
Annual Quality Assurance Plan	60 days after contract award and then annually 45 days after the beginning of each new contract year	DMS
Transition Plan	3 weeks after contract award	DMS
Desktop Procedure Manual	45 days after contract award	DMS
Business Continuity Plan	60 days after contract award	DBF – Contracting and Purchasing

10.0 ADMINISTRATIVE REQUIREMENTS

10.1 Organizational Structure and Staffing

The Contractor shall have in place the organization, management and administrative systems capable of fulfilling all contract requirements. The Contractor shall maintain a current functional organization chart, showing main departments/units, key personnel and number of staff members in each

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department/unit. The Contractor shall also maintain current job descriptions for all staff assigned to this contract and shall establish policies and procedures for continuously monitoring staff performance and addressing any identified deficiencies.

10.1.1 Key Personnel

The Contractor shall have the following key personnel:


- *Project Director*, who serves as the primary point of contact with AHCCCSA during the implementation phase of the project and is responsible for contract implementation, project management, liaison with and status reporting to AHCCCSA. This key position is only required during the implementation phase.
- *Operations Manager*, who upon implementation oversees and manages the entire operation of the contract activities; ensuring compliance with all contract requirements. The operations manager may also serve as the project director.
- *Eligibility Program Specialist and Liaison*, who serves as the contractor's expert in understanding eligibility policies and processes, providing training to staff and serving as the primary point of contact with AHCCCSA in terms of responding to and resolving program and other operational issues or questions.
- *Quality Assurance Manager*, who is responsible for the quality assurance program, including development of the plan, monitoring performance and implementation of any corrective action plans

All key personnel shall be located in the Contractor's Phoenix office. The Contractor shall inform DMS, in writing within **seven** days of learning of an intended resignation in any of the following key positions listed above. The name of the interim contact person should be included with the notification. In addition, AHCCCSA may require the Contractor to provide a written plan for filling the vacant position, including expected timelines. The name of the permanent employee shall be submitted as soon as the new hire has taken place.

10.1.2 Employee Benefits

The Contractor is required to offer employees and their dependents affordable health care coverage and to contribute towards the employee's health insurance by arranging for and contributing toward the purchase of health insurance for those employees who elect the coverage option. Currently of the 92 Kidscare staff members that received a paycheck in January 2007, 86% of them are enrolled in the state's health insurance program. Of those enrolled, 56% have family coverage (representing 153 lives) and 44% have single coverage. The Contractor also must offer some form of a retirement package for employees that includes employer contribution.

10.1.3 Current AHCCCS Employees

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AHCCCSA strongly encourages the Contractor to maintain current program expertise; thereby supporting the AHCCCS goal to have the least impact upon members and applicants as well as displaced AHCCCSA employees as a result of the implementation of this contract. The Contractor shall give priority consideration for employment to AHCCCSA employees who are displaced by implementation of this contract, based on prior training, experience and past performance of such workers. This requirement does not apply to previous state employees who AHCCCSA has determined are not eligible for rehire. The Contractor shall also employ strategies to prevent a sudden depletion of the qualified eligibility workforce while AHCCCSA is still responsible for performing eligibility. The strategies for accomplishing these goals shall be included in the Contractor's staffing plan (see section on Transition Activities).

10.1.4 Collaboration with AHCCCS and Other Stakeholders

The Contractor shall establish working partnerships with AHCCCSA, DES, AHCCCS health plans, community service organizations and other appropriate entities to facilitate the efficient and accurate processing of eligibility applications and renewals, complaints and appeals.

The Contractor's staff, especially key personnel, shall meet with and be accessible to AHCCCSA and DES staff on a mutually agreeable, regularly scheduled basis and as otherwise needed. The Contractor will work with DES to ensure the smooth transfer of applications and renewals between the Contractor and DES, as appropriate.


10.2 **Office Space and Equipment**

The Contractor shall establish a local office for its base of operation (including all key personnel) that is physically within 10 "drivable" miles of the AHCCCS administrative offices at 701 E. Jefferson Street in Phoenix. This facility must meet the requirements of the Americans with Disabilities Act and appropriate fire code. This does not, however, preclude the Contractor from using alternative staffing models for the provision of contract services (locating staff outside of Phoenix, using virtual offices).

The Contractor shall provide all office furnishings, supplies, and equipment, including telephones, copying equipment or capability, personal computers, facsimile equipment and audio-video equipment necessary, for the successful operation of the contract. The Contractor's facility must also provide a conference room with a conference telephone and video conferencing capabilities for meetings with State staff and other involved parties. The Contractor shall provide office space and parking stalls to accommodate up to three State staff who are involved in the AHCCCS eligibility determination process (e.g., Medicaid eligibility determinations). The State will provide office furniture, data and phone lines, computers and other necessary supplies for the support of the State staff.

The Contractor shall put in place specific security measures in order to ensure all federal and State confidentiality requirements are met.

10.3 **Training Program**

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The Contractor shall establish a training program that includes training for its employees and as appropriate for AHCCCSA and DES staff. The Contractor shall provide comprehensive initial training to new hires consisting of both technical and programmatic training modules before assuming professional job responsibilities. This shall include training on the AHCCCS program and its relevant policies, the relevant policies and procedures set forth in the Contractor's desktop procedure manual, customer service and cultural competency, the eligibility systems, and the Business Continuity and Recovery Plan. The Contractor shall provide ongoing refresher and remedial training as required by programmatic and operational changes and updates, and identified employee performance discrepancies. The Contractor shall also conduct annual staff trainings regarding Medicaid and HIPAA privacy and security requirements. Additionally, Contractor employees who have access to the system or other eligibility related data, will be required to participate in an annual certification process conducted by AHCCCSA on-line.

During the transition period, AHCCCSA will provide initial training to the Contractor on KidsCare and HIFA parent eligibility requirements and the use of the AHCCCS and other systems to be used by the Contractor for purposes of this contract. After this initial training, the Contractor shall be responsible for ongoing training on KidsCare and HIFA parent eligibility requirements and AHCCCS and other systems used by the Contractor under this contract.


The Contractor shall submit a training plan as part of its transition plan and shall update the plan as necessary throughout the term of the contract. In addition, all training materials and modules shall be submitted to AHCCCSA for approval prior to implementation. All updates or modifications to the training plan shall be submitted to AHCCCSA for review and approval. The minimum requirements for the training plan include:

- Outline of each training session
- Description of training materials and facilities
- Organization of staffing plan for the delivery of training
- Plan for training materials development/distribution
- Methodology for training new staff when staff turnover occurs or when program requirements change
- Description of training assessment measures

The Contractor shall maintain documentation of training in a central file. The Contractor shall be responsible for the costs related to training the Contractor's staff to perform tasks specified by the Scope of Work.

10.4 Desktop Procedure Manual

The Contractor shall develop and submit to AHCCCSA for approval a desktop procedure manual that sets forth operating procedures for meeting the requirements of this contract. This manual shall be submitted no later **45** calendar days after the award of this contract.

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The Contractor will continue to update the manual to address any new or changed requirements included in this contract. These updates shall be submitted to AHCCCSA for approval prior to implementation. The manual and any updates must comply with the State and federal rules and policies, including all relevant AHCCCS eligibility policies.

10.5 Information and Communication Systems

The Contractor is required to use the AHCCCS eligibility systems for the processing of eligibility applications and renewals. AHCCCSA will provide the Contractor with access to the AHCCCS supplied applications (i.e., ACE, PMMIS, TIPS, Health-e-Arizona, KEDS, document imaging and Vital Records) via Microsoft terminal services. Network access shall be via secure Virtual Private Network (VPN) connections over the Internet. The Contractor shall also access DES through VPN connections as well.


The Contractor shall comply with all Medicaid and HIPAA privacy and security and compliance regulations, e.g., assignment and review of user IDs, requiring passwords, protecting PHI. Before being provided access to the AHCCCS eligibility systems, the Contractor must complete AHCCCS security paperwork and sign user affirmation statements. In addition AHCCCSA shall confirm AHCCCS-Contractor network connectivity prior to implementation. The Contractor shall also establish a secure e-mail system for confidential correspondence with stakeholders.

10.5.1 System Support and Availability

AHCCCSA will be responsible for supporting all of the AHCCCS supplied applications that are used to process eligibility applications and renewals. This includes providing to the Contractor:

- AHCCCS VPN endpoint for secure VPN LAN-to-LAN connection to the AHCCCS network
- Access to terminal servers hosting the AHCCCS supplied applications. This access shall be provided using Microsoft Terminal Services
- TN3270 terminal emulator for accessing PMMIS and KEDS application (accessed via the Microsoft Terminal Services)
- Assistance with the installation of Ascent software for scanning that will be installed at the Contractor's Office
- Print server sharing for standard network attached printers so documents can be printed to by all applications provided by AHCCCS (e.g., ACE, Fortis, PMMIS, etc.). Printers must be compatible with the terminal services.
- Access to Vital Records Database through the Internet

The AHCCCS Technical Service Center (TSC) shall analyze and resolve all AHCCCS-related system issues reported by the Contractor. AHCCCSA shall refer all Contractor-related system issues back to the Contractor for resolution. (See Section 10.5.2)

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AHCCCSA shall be responsible for conducting maintenance of the system hardware and software. The system is generally available 24 hours, seven days a week. AHCCCSA will provide the Contractor with a weekly and monthly schedule of system downtime. Typically, downtime includes:

- Nightly server reboots (3:00 a.m. to 4:00 a.m. [MST]) for terminal services
- Scheduled maintenance on the 2nd and 3rd Sunday of the month from 9:00 a.m. to 3:00 p.m. (MST)

If notified well in advance, AHCCCSA will try to reschedule planned downtime to accommodate a special need of the Contractor to access the system.


AHCCCSA shall also conduct user acceptance testing of ACE system enhancements. The changes and enhancements are tracked by problem or project tickets and a document is created for the users (including the Contractor) that list the changes to the ACE system in the release to production.

10.5.2 Technical Service Center: Technical Support and Resolution of Discrepancies

The AHCCCS Technical Service Center (TSC) is responsible for providing technical support to the Contractor as it relates to using the AHCCCSA eligibility systems. To request technical support or report a system-related problem, the Contractor shall call the TSC main number (602-417-4200). TSC may not be able to resolve the question or problem in the same call. The average timeframe to resolve a problem that requires additional research or a data fix is typically two business days. Once resolved, the TSC contact tracking system emails the individual with the resolution.

TSC is also responsible for resolving any record discrepancies that are identified as a result of the interface between ACE and PMMIS. AHCCCSA generates daily discrepancy reports as well as a monthly reconciliation report that identifies eligibility, enrollment, Medicare and demographic discrepancies between ACE and PMMIS. There are times when the Contractor shall be asked to assist in the resolution of the discrepancies, e.g., verification of demographic information, third party liability, enrollment choice, etc. The Contractor shall comply with the following standard timelines for resolution of any discrepancies that AHCCCSA asks the Contractor to assist in resolving:

- **One** business day from the date of the request if the discrepancy affects eligibility or enrollment and the applicant/member is in need of immediate medical services
- **Three** business days from the date of the request if the discrepancy affects eligibility or enrollment and the applicant/member is not in need of immediate medical services
- **Five** business days from the date of the request if the discrepancy affects demographic information only and does not affect the receipt of medical services

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10.5.3 Contractor Responsibilities

The Contractor is responsible for all system and communication related equipment and software, including costs, service, maintenance and upgrades and access to the Internet. The Contractor at no additional cost to the State shall be responsible for all hardware or software upgrades as required to maintain compatibility with AHCCCS applications software/hardware.

The Contractor must ensure that its computer workstations (PC or Thin Client Device) meet the following requirements:

- PC capable of running Windows XP operating system (<http://www.microsoft.com/windowsxp/pro/upgrading/sysreqs.mspx>) with Remote Desktop Connection 6.0 or greater installed and antivirus software
- Thin Client Devices using Remote Desktop Connection software supporting RDP protocol version 5.2 or greater. The Contractor Thin Client Devices must complete a proof-of-concept test to ensure compatibility with AHCCCS.


The Contractor is also responsible for all applicable workstation software licensing.

In terms of network connectivity, the Contractor must:

- Secure VPN LAN-to-LAN connection to the AHCCCS network (use of multiple soft VPN clients in the same office is not supported)
- Supply VPN endpoint equipment
- Have a method of establishing a LAN-to-LAN tunnel with the AHCCCS network
- Have sufficient Internet bandwidth and edge router to support the amount of staff in the Contractor's office (e.g., a full T1 (1.5Mbps) for up to 30 staff, and additional bandwidth if higher)
- Have a boundary firewall
- Have internal LAN switches to connect computer workstations and printers

As it relates to the document imaging system (Fortis and KOFAX), the Contractor must have the following hardware:

- Two Fujitsu fi-5750C scanners, with VRS 4.1 PLUS, and KOFAX Adrenaline 650i PCI cards for each.
- Two personnel computers attached to the above scanners that run Windows XP Professional w/ SP2 OS (no other software other than Adobe Acrobat reader, antivirus, and scanning software installed on it) and meet the following specifications:
 - Intel Core 2 Duo 2.4GHz, 4MB Cache, 1066 FSB
 - 2 GB RAM, Non-ECC, 667 MHz DDR 2x1
 - USB Keyboard

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- USB Optical Mouse
- UltraSharp 20" flat panel screen capable of at least 1600x1200 resolution
- 256MB ATI Radeon X1300 Pro, VGA/DVI video card
- 80GB SATA 3Gb/s w/ 8MB DataBurst hard drive
- No Floppy Drive
- 16X SATA DVD-ROM drive
- Three-year NBD hardware replacement support

10.5.4 Business Continuity and Recovery Plan

The Contractor shall have a Business Continuity and Recovery (BCR) Plan to deal with unexpected events that may affect its ability to adequately deliver contractual services. The BCR Plan must be specific to the Contractor's operations in Arizona and reference local resources. The plan shall, at a minimum, contain:

- Planning and training for 1) electronic/telephonic failure at the Contractor's main place of AHCCCSA business, 2) complete loss of use of the main place of AHCCCSA business, 3) loss of primary computer systems/records, 4) communication between the Contractor and AHCCCSA in the event of a business disruption, and 5) periodic testing, at least annually
- Specific provisions for recovery of key customer priorities
- Specific timelines for resumption of services. The timeliness should note the percentage of recovery at certain hours, and key actions required to meet these timelines


The Contractor shall review its BCR Plan at least annually and update as needed. The Contractor's initial BCR Plan shall be reviewed and approved by AHCCCSA and in subsequent contract years the Contractor shall submit a summary of the plan to AHCCCS 14 business days after the start of the contract year.

The Contractor shall designate a staff person as the Business Continuity Planning Coordinator and furnish AHCCCSA with that contact information. All Contractor staff shall be trained and familiar with the Plan.

10.6 **Detection of Fraud and Abuse**

The Contractor is required to verify all questionable information and make referrals to the appropriate unit when the Contractor staff suspect fraud or abuse or it is reported to them (see Chapter 1200 of the *AHCCCS KidsCare Manual*). As such the Contractor shall establish a process for the referral of potential cases of fraud or abuse that includes:

- Making referrals to the Office of Program Integrity when there is a suspicion of fraud or abuse or someone alleges that a member who is receiving AHCCCS coverage is involved in fraud or abuse. This may be done via mail, phone, fax or by completing the online "Referral for Preliminary Investigation" form (see AHCCCS web site for contact information regarding fraud and abuse referrals <http://www.ahcccs.state.az.us/FraudAbuse/Default.asp>)

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- Providing written notification of all such incidents to the Contracting Officer
- Referring individuals calling to report alleged fraud or abuse to the Office of Program Integrity
- Reporting to Adult and Child Protective Services suspected physical or financial mistreatment of an incapacitated or vulnerable adult to the Arizona Department of Economic Security's Adult Protective Services (APS) and suspected physical or sexual abuse or neglect of any child to the Arizona Department of Economic Security's Child Protective Services (CPS).

When questionable or suspicious information is provided during the application process, the Contractor shall investigate and resolve the apparent inconsistencies as part of the eligibility determination process. If the applicant does not provide information to resolve the inconsistencies, the Contractor shall deny the application. The Contractor shall not make a referral to the Office of Program Integrity if the individual is not receiving AHCCCS Health Insurance.

11.0 TRANSITION ACTIVITIES

The Contractor shall establish processes that ensure the successful transition of contract responsibilities from AHCCCSA to the Contractor on May 19, 2008. This transition shall be a “turn key” operation with no phase in of responsibilities.


11.1 Transition Plan

Upon contract award, the Contractor shall work closely with AHCCCSA to establish a transition schedule. The transition shall be completed as soon as possible, but no later than May 19, 2008.

The Contractor shall submit the name and resume of the project director to AHCCCSA within **one** week after the contract award. The Contractor shall submit a Transition Plan to AHCCCSA for review and approval within **three** weeks after the contract award. This Transition Plan shall include a detailed staffing plan as well as a detailed work plan and timeline for completing all major tasks, activities, deliverables, milestones and targeted completion dates for all activities. The work plan shall describe in detail the activities related for each critical requirement, including but not limited to:

- Staffing, including submittal of the names and resumes of key personnel, processes for putting in place the staffing model and strategies and timing for hiring displaced AHCCCS employees
- Facility(ies) acquisition
- Equipment acquisition and installation
- Implementation of key Contractor required processes such as eligibility determination, customer service, complaints and appeals
- Conversion of AHCCCS operations to the Contractor, including transitioning of all work in progress (e.g., eligibility applications, appeals)
- Establishment of measures for maintaining security and confidentiality

Any changes or modifications to the Transition Plan including the work plan or timeline shall require prior written approval from AHCCCSA.

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The Contractor shall regularly advise AHCCCSA of progress made in meeting the goals and timelines contained in the transition work plan. This shall include progress meetings, including walkthroughs, attended by the Contractor and AHCCCS staff. The Contractor shall also provide a weekly exception report that includes deliverables, milestones, walkthroughs and AHCCCSA approvals that are past due and shall also include any changes to the transition work plan that will impact the timeline.

Failure on the part of the Contractor to complete any deliverable(s) and/or milestones, which results in a delay(s) in the assumption of operations, may result in sanctions as specified in the Special Terms and Conditions, Section 19 – Non-Compliance with Contract Requirements.

11.2 Readiness Reviews

AHCCCSA may conduct operational readiness reviews on the successful Contractor and will, subject to the availability of resources, provide technical assistance as appropriate. The readiness reviews will be conducted prior to the start of business. The purpose of the readiness reviews is to assess the Contractor's readiness and ability to meet the terms of the contract. The Contractor will be permitted to commence operations only if the readiness review factors are met to AHCCCSA's satisfaction.


12.0 PENDING LEGISLATION AND PROGRAM CHANGES

The following constitute pending legislation or program changes that may be resolved after the initial issuance of the contract. Any program changes due to the resolution of the issues will be reflected in future amendments to the contract. Payment rates may be adjusted to reflect the financial impact of program changes.

12.1 Program Renewal and Changes

As a result of future federal or state legislative program changes, AHCCCSA may need to make modifications to its current KidsCare and HIFA parent program. Possible federal or State legislation includes:

- At the federal level, Title XXI is up for reauthorization this year. The program was authorized for a ten year block grant period ending September 30, 2007. The expectation is that the U.S. Congress will reauthorize Title XXI, however, changes may be made to the program, especially as it relates to individual state's allocations.
- In Laws 2006, Chapter 331, the HIFA parents program was renewed for a one year period (July 1, 2007 to June 30, 2008). During the 2008 Arizona Legislature Session, the AHCCCSA will request legislation to be enacted which continues coverage for HIFA parents. Should such legislation not be passed the HIFA parents program will be terminated effective June 30, 2008. If the HIFA parents program is terminated, it has been estimated that the Title XXI administrative budget for eligibility determination would be reduced by 21%.

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- The Legislature may pass other legislation (e.g., increase in premiums, program expansion, outreach and education program) that will affect the current operation of the KidsCare and HIFA parent program, including the eligibility determination process.

The federal waiver, under which the AHCCCS program operates, was recently approved by the Center for Medicare and Medicaid Services. As part of the Special Terms and Conditions, attached to the renewal of the waiver, AHCCCSA is required to obtain State legislative authority to implement and provide services through an employer-sponsored insurance (ESI) program by 10/1/2008. The specific details as to how the ESI program will be implemented will not be finalized until the spring of 2008. However, it is possible that eligibility for the ESI program will become the responsibility of the Contractor.

12.2 System Enhancements


AHCCCSA is currently considering, developing or implementing the following system change projects that would impact KidsCare processes in the future.

- Work Number: AHCCCS has implemented a contract for this web based application which allows workers to verify employment electronically utilizing the person's social security number. This process greatly reduces the time and cost of faxing or mailing income verifications.
- Public Assistance Reporting Information System (PARIS) Data Match. There are 41 states that are involved in this data match. On a quarterly basis states send in a snap-shot of their active population, Medicaid, TANF and Food Stamps. In return, states receive back any matches with other states' Medicaid, TANF and Food stamps, Veterans payroll and benefits and Federal payroll and benefits. AHCCCS has begun to use the PARIS Data Match for KidsCare and HIFA parent eligibility and is currently in the process of analyzing how best to utilize the information. For ease of utilizing the data for eligibility determination AHCCCSA plans to display the PARIS responses in e-find once this process is operational.
- TIPS/DES Denials: This systematic process will process denials received from DES and move them to ACE as pending applications. Projected implementation date is SFY 2008.
- e-Find: This systematic process will automatically send requests to various systems for income and resource information on people whose AHCCCS eligibility application or renewals have been entered into ACE. Once the requested information is received back, it will be displayed on a web based application for the eligibility worker to use when making an eligibility determination or renewal decision on the case. Projected implementation date is some time during calendar year 2008.
- Optical Character Recognition (OCR) with interface to ACE: This systematic process will allow an eligibility worker to scan a specific document into the AHCCCS Ascent Data Capture Program and create an interface record to ACE. The information on the document will be populated in


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ACE automatically. In 2007 this technology may be implemented for the Elderly and Physically Disabled PreAdmission Screening portion of the ALTCS eligibility determination and then subsequently in the future AHCCCSA will expand the use of this process for the purpose of registering eligibility applications in ACE from a scanned document.

- Fax Server: This process would allow documents to remain in an electronic state when they are faxed into AHCCCSA. Eligibility staff would be able to retrieve these electronic documents and use them in determining program eligibility, storing them electronically in Fortis. The implementation date for Fax Server is anticipated to be the end of calendar year 2007 for the first phase.
- Member Website: AHCCCSA is planning to create a website for all AHCCCS members that will allow members to check their eligibility, enrollment and premium payment status. Through a confidential web portal members will also be able to make address changes, apply for benefits and pay their monthly premiums. It is envisioned that this website would interface to ACE to assist in the timely updating of member information. The implementation date for the new member website is anticipated to be late 2007 for the first phase.

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1. **Definition of Terms:** As used in within this solicitation document, and any resultant contract, the terms listed below are defined as follows:
 - 1.1 “*AHCCCS*” means an Arizona Health Care Cost Containment System - managed health care program which pertains to health care services provided pursuant to A.R.S. 36-2903 et seq., and is also the name of the State agency.
 - 1.2 “*Attachment*” means any item the Solicitation requires an Offeror to submit as part of the Offer.
 - 1.3 “*Contract*” means the combination of the Solicitation, including the Instructions to Offerors, Contract Terms and Conditions, and Scope of Work; the Offer; any Final Proposal Revisions; any Solicitation Amendments or Contract Amendments; and any terms applied by law.
 - 1.4 “*Contract Amendment*” means a written document signed by the Contracting Officer that is issued for the purpose of making changes in the contract.
 - 1.5 “*Contracting Officer*” means the person duly authorized by AHCCCS to enter into and administer Contracts and make written determinations with respect to the Contract, or his or her designee.
 - 1.6 “*Contractor*” means a person who has a contract with AHCCCS.
 - 1.7 “*Days*” means calendar days unless otherwise specified.
 - 1.8 “*Exhibit*” means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
 - 1.9 “*Gratuity*” means a payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
 - 1.10 “*Health Plan*” means an organization which contracts with the AHCCCS Administration to administer the provision of a comprehensive package of AHCCCS covered acute and behavioral health care services to AHCCCS members enrolled with the health plan.
 - 1.11 “*May*” indicates something that is not mandatory but permissible.
 - 1.12 “*Offer*” means bid, proposal or quotation.
 - 1.13 “*Offeror*” means a vendor who responds to a Solicitation.
 - 1.14 “*Program Contractor*” means an organization which contracts with the AHCCCS Administration to execute the provision of a comprehensive package of ALTCS covered acute care, behavioral health services and long term care services to ALTCS members enrolled with the program contractor.

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- 1.15 *"Shall, Must"* indicates a mandatory requirement. Failure to meet these mandatory requirements may result in the rejection of a proposal as non-responsive.
- 1.16 *"Should"* indicates something that is recommended but not mandatory. If the offeror fails to provide recommended information, the State may, at its sole option, ask the offeror to provide the information or evaluate the proposal without the information.
- 1.17 *"Scope of Work"* means those provisions of this solicitation which specify the work and/or results to be achieved by the Contractor.
- 1.18 *"Solicitation"* means an Invitation for Bids ("IFB"), a Request for Proposals ("RFP"), or a Request for Quotations ("RFQ").
- 1.19 *"Solicitation Amendment"* means a written document that is authorized by the Contracting Officer and issued for the purpose of making changes to the Solicitation.
- 1.20 *"Subcontract"* means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
- 1.21 *"State"* means the State of Arizona.

2. **Inquiries:**


- 2.1 **Duty to Examine:** It is the responsibility of each Offeror to examine the entire Solicitation, seek clarification in writing, and check its Offer for accuracy before submitting the Offer. Lack of care in preparing an Offer shall not be grounds for withdrawing the Offer after the Offer due date and time, nor shall it give rise to any Contract claim.
- 2.2 **Solicitation Contact Person:** Any inquiry related to a Solicitation, including any requests for or inquiries regarding standards referenced in the Solicitation, shall be directed solely to the Solicitation Contact Person. The Offeror shall not contact or direct inquiries concerning this Solicitation to any other State employee unless the Solicitation specifically identifies a person other than the Solicitation Contact Person as a contact.
- 2.3 **Submission of Inquiries:** The Solicitation Contact Person may require that an inquiry, to include exceptions, be submitted in writing. Any inquiry related to a Solicitation shall refer to the appropriate Solicitation number, page and paragraph. Do not place the Solicitation number on the outside of the envelope containing that inquiry, since it may then be identified as an Offer and not be opened until after the Offer due date and time.
- 2.4 **Timeliness:** Any inquiry, to include exceptions, shall be submitted as soon as possible and no later than July 31, 2007. Failure to do so may result in the inquiry not being considered for a Solicitation Amendment.

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- 2.5 No Right to Rely on Verbal Responses: Any inquiry that results in changes to the Solicitation shall be answered solely through a written Solicitation Amendment. An Offeror may not rely on verbal responses to its inquiries.
- 2.6 Solicitation Amendments: The Solicitation shall only be modified by a Solicitation Amendment.
- 2.7 Pre-Offer Conference: If a Pre-Offer Conference has been scheduled under this Solicitation, the date, time and location shall appear on the Solicitation cover sheet or elsewhere in the Solicitation. An Offeror should raise any questions they may have about the Solicitation or the procurement at that time. An Offeror may not rely on any verbal responses to questions at the conference. Material issues raised at the conference that result in changes to the Solicitation shall be answered solely through a written Solicitation Amendment.
- 2.8 Persons With Disabilities: Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Solicitation Contact Person. Requests shall be made as early as possible to allow time to arrange the accommodation.


3. Offer Preparation:

- 3.1 Forms: No Facsimile or Telegraphic Offers: An Offer shall be submitted either on the forms provided in this Solicitation or their substantial equivalent. Any substitute document for the forms provided in this Solicitation will be legible and contain the same information requested on the forms. A facsimile, telegraphic, mailgram or electronic mail Offer shall be rejected.
- 3.2 Typed; Corrections: The Offer shall be typed. Erasures, interlineations or other modifications in the Offer shall be initialed in ink by the person signing the Offer. Modifications shall not be permitted after Offers have been opened except as otherwise provided under applicable law.
- 3.3 Evidence of Intent to be Bound: The Offer and Acceptance form within the Solicitation shall be submitted with the Offer and shall include a signature by a person authorized to sign the Offer. The signature shall signify the Offeror's intent to be bound by the Offer and the terms of the Solicitation and that the information provided is true, accurate and complete. Failure to submit verifiable evidence of an intent to be bound, such as an original signature, may result in rejection of the Offer.
- 3.4 Exceptions to Terms and Conditions:
- 3.4.1 If an Offeror takes any exception to any term, condition or requirement included in this solicitation document, such exception shall be submitted to the Contract Specialist **by July 31, 2007**. This will allow the Contract Specialist to review all exceptions and, if applicable, afford any approved exceptions to all other potential Offerors.
- 3.4.2 If an Offeror includes, in their proposal, exceptions, not covered by paragraph 4.1, above, such exceptions shall be null, void and without force and shall not be considered, and may

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negatively affect AHCCCS' proposal evaluation based on the published evaluation criteria or may result in rejection of the proposal.

- 3.4.3 To the extent they are inconsistent with the terms of the Solicitation, the Offeror's preprinted or standard terms will not be considered by AHCCCS as a part of any resulting Contract.
- 3.5 Subcontracts: Offeror shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities in the Offer.
- 3.6 Cost of Offer Preparation: AHCCCS will not reimburse any Offeror the cost of responding to a Solicitation.
- 3.7 Solicitation Amendments: Each Solicitation Amendment shall be signed with an original signature by the person signing the Offer, and shall be submitted no later than the Offer due date and time. Failure to return a signed copy of a material Solicitation Amendment may result in rejection of the Offer.
- 3.8 Provision of Tax Identification Numbers: Offerors are required to provide their Arizona Transaction Privilege Tax Number and/or Federal Tax Identification number, if applicable, in the space provided on the Offer and Acceptance Form.
- 3.9 Federal Excise Tax: The State of Arizona is exempt from certain Federal Excise Tax on manufactured goods. Exemption Certificates will be prepared upon request.
- 3.10 Identification of Taxes in Offer: The State of Arizona is subject to all applicable state and local transaction privilege taxes. If Arizona resident Offerors do not indicate tax as a separate item in the offer, the State will conclude that the price(s) offered includes all applicable taxes.
- 3.11 IRS W9 Form: In order to receive payment under any resultant contract, Contractor shall have a current IRS W9 Form on file with the State of Arizona.
- 3.12 Disclosure: If the firm, business or person submitting this Offer has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity, including being disapproved as a subcontractor with any federal, state or local government, or if any such preclusion from participation from any public procurement activity is currently pending, the Offeror shall fully explain the circumstances relating to the preclusion or proposed preclusion in the Offer. The Offeror shall include a letter with its Offer setting forth the name and address of the governmental unit, the effective date of this suspension or debarment, the duration of the suspension or debarment, and the relevant circumstances relating to the suspension or debarment. If suspension or debarment is currently pending, a detailed description of all relevant circumstances including the details enumerated above shall be provided.
- 3.13 Solicitation Order of Precedence: In the event of a conflict in the provisions of this Solicitation, the following shall prevail in the order set forth below:

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3.13.1 Special Terms and Conditions;

3.13.2 Uniform Terms and Conditions

3.13.3 Statement or Scope of Work;

3.13.4 Specifications;

3.13.5 Attachments;

3.13.6 Exhibits;

3.13.7 Special Instructions to Offerors, and

3.13.8 Uniform Instructions to Offerors

3.14 Delivery: Unless otherwise stated in the Contract, all prices shall be F.O.B. Destination and shall include all delivery and unloading at the destination.

4. Submission of Offer:

4.1 Sealed Envelope or Package: Each Offer shall be submitted to the submittal location identified in this Solicitation, in a sealed envelope or package that identifies its contents as an Offer and the Solicitation number to which it responds. The appropriate Solicitation number shall be plainly marked on the outside of the envelope or package.


4.2 Offer Amendment or Withdrawal: An Offer may not be amended or withdrawn after the Offer due date and time except as otherwise provided under applicable law.

4.3 Public Record: Under applicable law, all Offers submitted and opened are public records and must be retained by AHCCCS. Offers shall be open to public inspection after Contract award, except for such portions of an Offer deemed to be confidential by AHCCCS.

4.4 Non-collusion, Employment, and Services: By signing the Offer and Acceptance Form or other official contract form, the Offeror certifies that:

4.4.1 It did not engage in collusion or other anti-competitive practices in connection with the preparation or submission of its Offer; and

4.4.2 It does not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, or disability, and that it complies with all applicable federal, state and local laws and executive orders regarding employment.


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5. **Evaluation:**

- 5.1 **Unit Price Prevails:** Where applicable, in the case of discrepancy between the unit price or rate and the extension of that unit price or rate, the unit price or rate shall govern.
- 5.2 **Taxes.** Arizona transaction privilege and use taxes shall not be considered when evaluating Offers.
- 5.3 **Late Offers:** An Offer submitted after the exact Offer due date and time shall be rejected.
- 5.4 **Disqualification:** The Offer of an Offeror who is currently debarred, suspended or otherwise lawfully prohibited from any public procurement activity shall be rejected.
- 5.5 **Offer Acceptance Period:** An Offeror submitting an Offer under this Solicitation shall hold its Offer open for the number of days from the Offer due date that is stated in the Solicitation. If the Solicitation does not specifically state a number of days for Offer acceptance, the number of days shall be 180. If a Final Proposal Revisions is requested pursuant to a Request for Proposals, an Offeror shall hold its Offer open for 180 days from the Final Proposal Revision due date.
- 5.6 **Payment:** Payment shall comply with the requirement of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt of goods or services, the contractor shall submit a complete and accurate invoice for payment from AHCCCS within thirty (30) days.
- 5.7 **Waiver and Rejection Rights:** Notwithstanding any other provision of the Solicitation, AHCCCS reserves the right to:
 - 5.7.1 Waive any minor informality;
 - 5.7.2 Reject any and all Offers or portions thereof; or
 - 5.7.3 Cancel a Solicitation.

6. **Award:**

- 6.1 **Number or Types of Awards:** Where applicable, AHCCCS reserves the right to make multiple awards or to award a Contract by individual line items or alternatives, by group of line items or alternatives, or to make an aggregate award, whichever is deemed most advantageous to AHCCCS. If the Contracting Officer determines that an aggregate award to one Offeror is not in AHCCCS' best interest, "all or none" Offers shall be rejected.
- 6.2 **Contract Inception:** An Offer does not constitute a Contract nor does it confer any rights on the Offeror to the award of a Contract. A Contract is not created until the Offer is accepted in writing by the Contracting Officer's signature on the Offer and Acceptance Form. A notice of award or of the intent to award shall not constitute acceptance of the Offer.

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6.3 **Effective Date:** The effective date of this Contract shall be the date that the Contracting Officer signs the Offer and Acceptance form or other official contract form, unless another date is specifically stated in the Contract.

7. Confidential Information:

7.1 If a person believes that a portion of a bid, proposal, offer, specification, or protest contains information that should be withheld due to confidentiality, the Contracting Officer shall so be notified. A detailed statement, presented as a cover letter, shall both identify those specific areas considered confidential and also state the specific harm or prejudice which may arise if disclosed.

7.2 The information identified by the person as confidential shall not be disclosed until the Contracting Officer makes a written determination. The Contracting Officer shall review the statement and information and shall determine in writing whether the information shall be withheld.

7.3 If so approved, such confidential information shall be removed from the public record and kept sealed in a separate envelope marked "Confidential." Such information will not be made available to the public.

7.4 An entire bid, proposal, offer, specification, or protest shall not be identified as confidential; only those portions which are considered proprietary, trade secrets or patented information. Pricing shall not be considered as confidential.


8. Contract Applicability: Any contract resulting from this solicitation shall be for the exclusive use of AHCCCS.

9. Electronic Documents: AHCCCS may provide an electronic version of this procurement document. Any unidentified alteration or modification to the original document (or to any Exhibit contained therein) issued by AHCCCS shall be null and void. In those instances where modifications are identified, the original document issued by the State shall take precedence.


10. Proposal Opening: Proposals shall be opened on the date and time, and at the place designated on the cover page of this document, unless amended in writing by the state agency issuing the Solicitation.

11. Protests: A protest shall comply with and be resolved according to Arizona Revised Statutes Title 41, Chapter 23, Article 9 and the Arizona Administrative Code Title 2, Chapter 7, Article 9, Rules R2-7-901 through R2-7-937. It shall be in writing and be filed with the AHCCCS Contracting Officer and with the State Procurement Administrator. A protest of a solicitation shall be received by the AHCCCS Contracting Officer before the offer due date. A protest of a proposed award or of an award shall be filed within ten (10) days after the protester knows or should have known the basis of the protest. A protest shall include:

11.1 The name, address and telephone number of the protester;

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- 11.2 The signature of the protester or its representative;
- 11.3 Identification of the purchasing agency and the solicitation or contract number;
- 11.4 A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and the form of relief requested.

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1. **Offeror's Contacts:** Offerors shall direct all questions concerning this Request for Proposal (RFP), including technical specifications, proposal process, etc. to the Solicitation Contact Person, identified on the first page of this solicitation document. All questions shall be submitted electronically to the Solicitation Contact Person by 3:00 p.m. (MST) on **July 31, 2007**. All questions must be submitted using the AHCCCS Eligibility RFP Questions and Response electronic format that is available in the Bidder's Library. Offerors may not contact other AHCCCS employees concerning this Solicitation.

2. **Evaluation:** AHCCCSA will conduct the evaluation of the Offerors' proposals in accordance with an established evaluation plan. The award(s) will be made to the responsible Offeror whose proposal is determined to be the most advantageous to AHCCCSA. Evaluation criteria that AHCCCSA will use are listed in the relative order of importance below:
 - 2.1 Cost
 - 2.2 Experience of the Offeror
 - 2.3 Organization and Provision of Contract Services


3. **Proposal Information:** The Offeror shall submit its proposal with one (1) original and four (4) copies (for a total of five (5) sets) in the format as contained in this RFP. **The original copy of the proposal should be clearly labeled "ORIGINAL."** The material should be in sequence and related to the RFP. All pages of the Offeror's proposal must be numbered sequentially with documents placed in sturdy 3-inch, 3 ring binders. All responses shall be in 10 point font or larger with borders no less than ½-inch.

AHCCCSA will not provide any reimbursement for the cost of developing or presenting proposals in response to this RFP.

The proposal may designate certain information to be proprietary in nature by typing the word "proprietary" on top of every page for which nondisclosure is requested. Final determinations of nondisclosure, however, rest with the AHCCCS chief procurement officer. Regardless of such determinations, all portion of the Offeror's proposal, even pages that are proprietary will be provided to the RFP evaluation team.

All proposals shall be organized according to the following major sections:

- Offer and Acceptance
- Offeror's Checklist
- Proposal Response
 - Experience of the Offeror
 - Organization and Provision of Contract Services
 - Cost Proposal
- Intent to Provide Certificate of Insurance

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Each section shall be separated by a divider and contain all information requested in this Solicitation. **Number of pages should continue in sequence through each separate section. Each section shall begin with a table of contents.**


The following specifies the submission requirements for each section:

3.1 Cost Proposal:

- 3.1.1 Submit a firm fixed price to perform the required activities described in the RFP by completing the cost proposal form in Exhibit A. The costs for optional activities should be shown separately.
- 3.1.2 For each contract year, provide a detailed budget breakdown, which supports the bid price. The budget shall include at a minimum, detailed costs for the following: personnel (including detailed cost of benefits), facilities (utilities, rent), equipment and supplies (including printing, postage, and travel), fee or profit/risk and total and in addition to an overall contract year budget shall show specific costs associated with the KidsCare program and the HIFA parent program. Start up costs should be amortized over the first three years of the contract.

3.2 Experience of the Offeror


- 3.2.1 Provide a brief description of the organization's experience in conducting the required contract services in this RFP for Title XIX and Title XXI programs over the past five years either as a primary or as a subcontractor. For all states in which your organization has or is conducting similar contract services required in this RFP provide the following information:
 - Number of years have held the contract or subcontract
 - Types of services performed under the contract or subcontract, especially those services that are the same as those required in this RFP (eligibility, customer services, etc.)
 - Number of applications and renewals processed per month during the past year by eligibility category
 - System(s) used to process the applications/renewals
 - Number of FTEs devoted to the contract or subcontract
 - Annual revenue received from contract or subcontract
 - Description of collaborations with community organizations or other public agencies
 - Description of operational efficiencies put in place and any associated cost savings were able to achieve for the State
 - Description of any corrective action plans the organization was required to implement and any sanctions, notices of cure or stop work orders the organization received
 - Name and job title, telephone number, address and email address of reference from entity that holds the contract who can verify the description submitted.

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- 3.2.2 If the organization's State contracts identified in 3.2.1 above contain performance measures, provide for each contract year, the performance measure results that the organization has achieved and the State performance goal for each of the measures.
- 3.2.3 Provide a description of any Title XIX or Title XXI contracts that have been discontinued within the past five years and the reason for the termination.
- 3.2.4 Describe the organization's subcontracted arrangements or its intentions to subcontract for any of the functions required to be performed under this contract. The description must provide information on each subcontractor's experience and qualifications in performing the subcontracted services, the scope of work to be performed by each subcontractor, the estimated dollar amount of each subcontract, and the process the Offeror will use to oversee, resolve deficiencies and terminate the contract if necessary.
- 3.2.5 Complete the Financial Disclosure Form in Exhibit B.

3.3 Organization and Provision of Contract Services

- 3.3.1 Provide an organizational chart showing the staffing down to the supervisory level, setting forth lines of authority, responsibility and communication and clearly showing the lines of authority for the key personnel to be utilized. If the Offeror is a subsidiary, please indicate ultimate ownership of the bidding organization as well as any other subsidiary organizations.
- 3.3.2 Submit current resumes of key personnel as listed in Scope of Work Section, documenting their educational and career history up to the current time. Include information on how long the personnel have been in these positions, how the individual meets the minimum job qualifications and percentage of time they will be devoted to the project. If personnel are not in place, submit job descriptions outlining the minimum qualifications of the position(s). Each resume or job description is limited to three pages.
- 3.3.3 Provide a comprehensive staffing plan for the overall contract, including the total number of full time equivalents devoted to the performance of the contract by functional area: eligibility determination, customer service, complaints and appeals. Describe the method used to derive the number of FTE's needed in each functional area and the staffing model in terms of location of staff (e.g., virtual office, central office, statewide offices). How does this staffing plan recognize the scope and complexity of this contract and ensure effective communication within the organization and with AHCCCSA and other key stakeholder groups. Response is limited to three pages.
- 3.3.4 How will the organization attract and hire trained and experienced personnel to meet the staffing plan throughout the contract lifetime? Include a description of how the Contractor will address retention/hiring of current State KidsCare staff impacted by the contract. Response is limited to three pages.

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- 3.3.5 Describe the organization's employee benefit package (e.g., health insurance package(s) – medical, dental, etc; retirement benefits) that individuals (and their dependents) working on this project will be eligible to receive. This should include a description of the scope of benefits, exclusions and limitations and identify the amount of monthly premium contributions required of the Contractor and employee as well as all deductibles, coinsurance and copayment requirements. If available, please attach a copy of the summary plan document. Provide data on the health insurance take up rate among employees who are working on similar programs operated by the organization. For retirement benefits include a description of employer contributions, employee contributions and the benefit structure. Provide a comparison of the proposed employee benefit package to similar Arizona State Employee benefits. Response is limited to five pages, excluding the summary plan document
- 3.3.6 Describe the organization's formal training plan for new employees and ongoing training; as well as training it will provide to State staff and training it wishes to receive from the State. Response is limited to three pages.
- 3.3.7 Submit the organization's plan for meeting the fidelity bond and the performance bond requirement, including the type of bond to be posted, source of funding and timeline for meeting the requirements. Response is limited to one page.
- 3.3.8 Describe any other start-up initiatives / new contracts in which the Offeror is currently involved or will be involved within the time period between the proposed award and the completion of implementation. Address how this contract can be successfully assumed by the Offeror in addition to the other initiatives without perceptible disruption of service. Response is limited to two pages.
- 3.3.9 Provide a summary of how the Offeror plans to implement each of the key contract service requirements: eligibility determination, customer services, and complaints and appeals. Include a flowchart and timeline depicting the major activities from receipt of an application through determination of initial eligibility and renewal. Response is limited to ten pages, excluding the flow diagram.
- 3.3.10 How will the Offeror monitor and continuously improve its organization's performance as it relates to each of the key services the Offeror is required to provide under this contract? Response is limited to five pages. In responding to this question:
- Identify staff responsible and involved in these activities
 - Identify any additional performance measures beyond those listed in the RFP
 - Identify data and information that will be used to monitor performance and improvement efforts and the tracking mechanism (include examples of reports if applicable)
 - Provide an example(s) of a recent continuous process improvement effort the organization successfully implemented in another state involving similar-type contract, including any measurable results.


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3.3.11 What strategies will the Offeror implement to enhance the current efficiency and effectiveness of the State's current KidsCare and HIFA parent eligibility system (e.g., reduced costs, lower error rates, reduced churning)? Response is limited to three pages.

3.3.12 Describe any additional contract services the Offeror is proposing to provide, such as optional outreach services or web site. Response is limited to one page for each additional contract service being proposed.

3.3.13 Provide a high-level implementation work plan that identifies the key tasks, deliverables, staff resources and timeline for completing all steps necessary for the organization to begin full operations by the service start date. Also identify issues the Offeror expects to encounter during implementation and how the organization proposes to resolve them. Response is limited to three pages, excluding the work plan.

4. **Intent to Provide Certificate of Insurance:** The Offeror must provide a statement that, if notified of contract award, the Offeror will submit to AHCCCSA for review and acceptance, the applicable certificate/s of insurance as required within this RFP document, within five (5) business days of such notification.
5. **Offeror's Checklist:** The Offeror must complete Exhibit C, "Offeror's Checklist."
6. **Offeror's Responsibility:** The Offeror is cautioned that it is the Offeror's sole responsibility to submit information related to the evaluation categories and to submit the information in conformance with the guidelines described herein and that the State of Arizona is under no obligation to solicit such information if it is not included with the Offeror's proposal. Failure of the Offeror to submit such information may cause an adverse impact on the evaluation of the Offeror's proposal.
7. **Clarifications:** AHCCCSA may request clarifications from Offerors at any time after receipt of the Offers. Clarifications may be requested orally or in writing. If clarifications are requested orally, the Offeror shall confirm the request in writing. A request for clarifications shall not be considered a determination that the Offeror is susceptible for award.
8. **Negotiations:** If negotiations are conducted, negotiations shall be conducted with all Offerors determined to be in the competitive range or reasonably susceptible for award. Offerors may revise their Offers based on negotiations provided that any revision is confirmed in writing. Award may be made without negotiations; therefore, Offers should be submitted complete and on most favorable terms.
9. **On-Site Review and Oral Presentations:** Prior to contract award, Offerors may be subject to on-site review(s) or asked to make an oral presentation(s) to determine that an infrastructure is in place that will support the administration of the provisions set forth in this RFP.
10. **Additional Information for Submittal of Proposal:**
 - 10.1 It is the responsibility of each Offeror to insure its proposal is delivered to AHCCCSA by the due date and time. The Offeror should allow for such contingencies as heavy traffic, weather, directions

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to submittal location, parking, common carriers not delivering as requested, etc. AHCCCSA shall not accept late proposals past the due date and time.

- 10.2 AHCCCSA is not responsible for supplying boxes, envelopes, tape, etc. to Offerors at time of proposal delivery.
- 10.3 The Offeror should ensure that when submitting the proposal to AHCCCSA, its company name and the Request for Proposal solicitation number is clearly marked on the outside of the envelope/package.


11. **AHCCCS Bidder's Library:** The AHCCCS Bidder's Library contains critical reference material including but not limited to AHCCCS policy and procedures, eligibility data, system specifications to assist the Offeror in preparing a thorough and realistic response to this Solicitation. References are made throughout this RFP to material in the Bidder's Library and Offerors are responsible for reviewing the contents of the Bidder's Library material as if they were printed full herein. The Bidder's Library is located on the AHCCCS website at <http://www.azahcccs.gov/Contracting/BidderLib.asp>

12. **RFP Milestone Dates:** The following schedule for the KidsCare Eligibility RFP solicitation is subject to change:


Activity	Date
RFP Issued on or About	July 5, 2007
Pre-Bidder's Conference	July 18, 2007
RFP Questions Due	July 31, 2007
RFP Amendment and Formal Response to Questions	August 13, 2007
Proposals Due by 3:00 pm	September 14, 2007
Potential Oral Presentations or On-site Visits	November 14, 2007
Contract Awarded On or About	December 1, 2007
Readiness Review Begins	April 6, 2008
New Contract Effective	May 19, 2008

13 **Offeror's Inability to Meet Requirements:**


AHCCCSA shall only consider a bid in which the potential Offeror can demonstrate its ability to meet the minimum fidelity and performance bond requirements described herein. If a potential Offeror cannot meet these minimum requirements, AHCCCSA requests the potential Offeror not submit a bid.

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1. **Advertising and Promotion of Contract:** The Contractor shall not advertise or publish information for commercial benefit concerning this contract without the prior written approval of the Contracting Officer.
2. **Amendments:** This Contract is issued under the authority of the Contracting Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract unless otherwise permitted by the Special Terms and Conditions. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by an unauthorized State employee or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.
3. **Arizona Law:** The law of Arizona applies to this contract including, where applicable, the Uniform Commercial Code, as adopted in the State of Arizona.
4. **Arizona Procurement Code:** The Arizona Procurement Code, A.R.S. Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code Title 2, Chapter 7, is a part of this Contract as if fully set forth in it.
5. **Assignment and Delegation:** The Contractor shall not assign any right nor delegate any duty under this contract without prior written approval of the Contracting Officer, who will not unreasonably withhold such approval.
6. **Audits and Inspections:**
 - 6.1 The Contractor shall comply with all provisions specified in A.R.S. 35-214 and 35-215 and AHCCCS policies and procedures relating to the audit of Contractor's records and the inspection of Contractor's facilities. Contractor shall fully cooperate with AHCCCS staff and allow them reasonable access to Contractor's staff, subcontractors, members, and records.
 - 6.2 At any time during the term of this contract, and five (5) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by AHCCCSA and, where applicable, the federal government, to the extent that the books and records relate to the performance of the contract or subcontracts.
 - 6.3 AHCCCSA and the federal government may evaluate through on-site inspection or other means, the quality, appropriateness and timeliness of services performed under this contract.
7. **Availability of Funds for the Next Fiscal Year:** Funds may not presently be available for performance under this Contract beyond the current fiscal year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current fiscal year until funds are made available for performance of this Contract. The State shall make reasonable efforts to secure such funds.

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8. **Cancellation for Conflict of Interest:** Pursuant to A.R.S. 38-511, AHCCCSA may cancel this contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of AHCCCSA is or becomes at any time, while the Contract or an extension of the Contract is in effect, an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation, unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. 38-511.
9. **Compliance with Applicable Laws:** The materials and services supplied under this Contract shall comply with all applicable federal, state and local laws, and the Contractor shall maintain all applicable license and permit requirements.
10. **Contract Claims:** All contract claims or controversies under this contract shall be resolved according to A.A.C. Title 9, Chapter 34 and rules adopted thereunder.
11. **Contract Order of Precedence:** In the event in the provisions of the contract, as accepted by AHCCCSA and as they be amended, the following shall prevail in the order set forth below:
- 11.1 Special Terms and Conditions;
 - 11.2 Uniform Terms and Conditions;
 - 11.3 Statement or Scope of Work;
 - 11.4 Specifications;
 - 11.5 Attachments;
 - 11.6 Exhibits;
 - 11.7 Documents, referenced or included in the solicitation.
 - 11.8 Terms and conditions of the accepted offer
12. **Contractor's Representations and Warranties:** All representations and warranties made by the Contractor under this Contract shall survive the expiration or termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, Chapter 5.
13. **Delivery:** Unless stated otherwise in the contract, all prices shall be F.O.B. Destination and shall include all delivery and unloading at the destination.

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14. **Exclusions:** Except as otherwise set forth in this Contract, there are no express or implied warranties of merchantability or fitness.
15. **Fitness.** The Contractor warrants that any material supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract.
16. **Force Majeure:**
- 16.1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.
- 16.2 Force Majeure shall not include the following occurrences:
- 16.2.1 Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;
- 16.2.2 Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition; or
- 16.2.3 Inability of either the Contractor or any subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.
- 16.3 If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.
- 16.4 Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

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17. **Gratuities:** The Contracting Officer may, by written notice to the Contractor, immediately terminate this contract if it determines that employment or a gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of AHCCCSA for the purpose of influencing the outcome of the procurement or securing the contract, an amendment to the contract, or favorable treatment concerning the contract, including the making of any determination or decision about contract performance. The Contracting Officer, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the gratuity offered by the Contractor.
18. **Implied Contract Terms:** Each provision of law and any terms required by law to be in this contract are a part of this contract as if fully stated in it.
19. **Indemnification -- Patent and Copyright:** The Contractor shall defend, indemnify and hold harmless AHCCCSA against any liability including costs and expenses for infringement of any patent, trademark or copyright arising out of contract performance or use by AHCCCSA of materials furnished or work performed under this contract. The Contracting Officer shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph.
20. **Indemnification:**
- 20.1 Contractor/Vendor Indemnification (Not Public Agency)
- The parties to this contract agree that the State of Arizona, its departments, agencies, boards and commissions shall be indemnified and held harmless by the contractor for the vicarious liability of the State as a result of entering into this contract. However, the parties further agree that the State of Arizona, its departments, agencies, boards and commissions shall be responsible for its own negligence. Each party to this contract is responsible for its own negligence
- 20.2 Public Agency Language Only
- Each party (“as indemnitor”) agrees to indemnify, defend, and hold harmless the other party (as indemnitee”) from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney’s fees) (hereinafter collectively referred to as ‘claims’)_arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers.
21. **Inspection/Testing:** The contractor agrees to permit access to its facilities, subcontractor facilities and the contractor's processes for producing the materials, at reasonable times for inspection of the materials covered under this contract. AHCCCSA shall also have the right to test at its own cost the materials to be supplied under this contract. Neither inspection at the contractor's facilities nor testing shall constitute final acceptance of the materials. If AHCCCSA determines non-compliance of the materials, the contractor shall be responsible for the payment of all costs incurred by AHCCCSA for testing and inspection.


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22. **IRS W9 Form:** In order to receive payment under any resulting contract, the contractor shall have a current IRS W9 Form on file with the State of Arizona.
23. **Liens:** The Contractor warrants that the materials supplied under this contract are free of liens.
24. **No Parole Evidence:** This contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any term used in this contract.
25. **No Waiver:** Either party's failure to insist on strict performance of any term or condition of the contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the non-conforming performance knows of the nature of the performance and fails to object to it.
26. **Nonconforming Tender:** Materials supplied under this contract shall fully comply with the contract. The delivery of materials or a portion of the materials in an installment that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials, AHCCCSA may terminate the contract for default under applicable termination clauses in the contract, exercise any of its rights and remedies under the Uniform Commercial Code or pursue any other right or remedy available to it.
27. **Non-Discrimination:** The Contractor shall comply with State Executive Order No. 99-4, which mandates that all persons, regardless of race, color, religion, sex, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable federal and state laws, rules and regulations, including the Americans with Disabilities Act. The Contractor shall take positive action to ensure that applicants for employment, employees, and persons to whom it provides service are not discriminated against due to race, creed, color, religion, sex, national origin or disability.
28. **Non-exclusive Remedies:** The rights and the remedies of AHCCCSA under this contract are not exclusive.
29. **Notices:** Notices to the Contractor required by this Contract shall be made by the Contracting Officer to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to AHCCCSA required by the Contract shall be made by the Contractor to the Contracting Officer. An authorized Contracting Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice and an amendment to the Contract shall not be necessary.
30. **Offshore Performance of Work Prohibited:** Due to security and identity protection concerns, direct services under this contract shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and may involve access to secure or sensitive data or personal client data or development or modification of software for the State shall be performed within the borders of the United States. Unless specifically stated otherwise in the specifications, this definition does not apply to indirect or "overhead" services, redundant

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back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.

31. **Payments:** The Contractor shall be paid as specified in the Contract. Payment must comply with requirements of A.R.S. Title 35.
32. **Payment of Taxes by AHCCCSA:** AHCCCSA shall pay only the rate and/or amount of taxes identified in the Offer and in any resulting contract.
33. **Purchase Orders:** The contractor shall, in accordance with all terms and conditions of the contract, fully perform and shall be obligated to comply with all purchase orders received by the contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Contracting Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this contract.
34. **Property of AHCCCSA:** Any materials, including reports, computer programs and other deliverables, created under this contract are the sole property of AHCCCSA. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the Contracting Officer.
35. **Records:** Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other records (“records”) relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records at no cost to the State.
36. **Relationship of Parties:** The Contractor under this contract is an independent contractor. Neither party to this contract shall be deemed to be the employee or agent of the other party to the contract.
37. **Risk of Loss:** The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt.
38. **Right of Offset:** AHCCCSA shall be entitled to offset against any amounts due the Contractor any expenses or costs incurred by AHCCCSA concerning the Contractor's non-conforming performance or failure to perform the contract, including expenses, costs and damages described in the proceeding paragraphs.
39. **Right to Assurance:** If AHCCCSA, in good faith, has reason to believe that the Contractor does not intend to perform or continue performing this contract, the Contracting Officer may demand in writing that the Contractor give a written assurance of intent to perform. The demand shall be sent to the Contractor by certified mail, return receipt required. Failure by the Contractor to provide written assurance within the


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number of days specified in the demand may be, at the Contracting Officer's option, the basis for terminating the contract.


40. **Severability:** The provisions of this contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the contract, which may remain in effect without the invalid provision, or application.
41. **State and Local Transaction Privilege Taxes:** AHCCCSA is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect taxes from the buyer does not relieve the seller from its obligation to remit taxes.
42. **Stop Work Order:**
- 42.1 AHCCCSA may, at any time, by written order to the Contractor, require the Contractor to stop all or any part of the work called for by this Contract for a period of ninety (90) days after the order is delivered to the Contractor, and for any further period to which the parties may agree. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.
- 42.2 If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Contracting Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.
43. **Subcontracts:** The contractor may, with the consent of the Contracting Officer, enter into written subcontract(s) for performance of certain of its functions under the contract. Subcontractors must be approved in writing by the Contracting Officer to the effective date of any subcontract.
- 43.1 No subcontract which the contractor enters into with respect to performance under the contract shall in any way relieve the contractor of any responsibility for performance of its duties.
- 43.2 The contractor shall give the Contracting Officer immediate notice in writing by certified mail of any action or suit filed and prompt notice of any claim made against the contractor by any subcontractor or vendor which in the opinion of the contractor may result in litigation related in any way to the contract with AHCCCSA.
44. **Suspension or Debarment:** The Contracting Officer may, by written notice to the Contractor, immediately terminate this Contract if the Contracting Officer or the State determine that the Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body.

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- 45. Tax Indemnification:** The contractor and all subcontractors shall pay all federal, State and local taxes applicable to its operation and any persons employed by the contractor. Contractor shall, and require all subcontractors, to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal and/or State and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.
- 46. Termination for Convenience:** The Contracting Officer reserves the right to terminate the contract in whole or in part at any time when in the best interests of AHCCCSA without penalty or recourse. The Contracting Officer shall give written notice by certified mail, return receipt requested, to the Contractor of the termination at least ninety (90) days before the effective date of the termination. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the contract shall become the property of and be delivered to the Contracting Officer. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R 2-7-701 shall apply.
- 47. Termination for Default:**
- 47.1 The Contracting Officer reserves the right to terminate this contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or failure to take corrective action as required by the Contracting Officer to comply with the terms of the contract. If the Contractor is providing services under more than one contract with AHCCCSA, the Contracting Officer may deem unsatisfactory performance under one contract to be cause to require the Contractor to provide assurance of performance under any and all other contracts. In such situations, the Contracting Officer reserves the right to seek remedies under both actual and anticipatory breaches of contract if adequate assurance of performance is not received. The Contracting Officer shall mail written notice of the termination and the reason(s) for it to the Contractor by certified mail, return receipt requested.
- 47.2 In the event the Contractor requests a hearing prior to termination, AHCCCSA is required by the Balanced Budget Act of 1997 to oversee the operation of the Contractor entity through appointment of temporary management prior to the hearing.
- 47.3 Upon termination under this paragraph, all documents, data, and reports prepared by the Contractor under the contract shall become the property of and be delivered to the Contracting Officer on demand.
- 47.4 The Contracting Officer may, upon termination of this contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this contract. The Contractor shall be liable for any excess costs incurred by AHCCCSA in procuring the materials or services in substitution for those due from the Contractor.


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48. **Third Party Antitrust Violations:** The Contractor assigns to AHCCCSA any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor toward fulfillment of this contract.
49. **Arbitration** The Parties to this Contract agree to resolve all disputes arising out of or relating to this contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (Title 41).


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1. **Contract:**

- 1.1 **Contract Provisions:** The contract between AHCCCSA and the Contractor shall consist of (1) the Request for Proposal (RFP) and all attachments and amendments thereto, and (2) the proposal submitted by the Contractor in response to the RFP and any proposal revisions accepted by the Contracting Officer. In the event of a conflict in language between the two documents referenced, the provisions and requirements set forth and/or referenced in the RFP shall govern. However, AHCCCSA reserves the right to clarify any contractual relationship in writing, and such written clarification shall govern in case of conflict with the applicable requirements stated in the RFP or the Contractor's proposal. In all other matters not affected by the written clarification, if any, the RFP shall govern.
- 1.2 **Funds Availability:** The contract shall be construed according to the laws of the State of Arizona. The State of Arizona is not obligated for the expenditures under the contract until funds have been encumbered. Funds are not presently available for performance under this contract beyond the current fiscal year. No legal liability on the part of AHCCCSA for any payment may arise under this contract until funds are made available for performance of this contract. AHCCCSA shall make reasonable efforts to secure such funds.
- 1.3 **No Guaranteed Quantities:** AHCCCSA does not guarantee the Contractor any minimum or maximum quantity of services or goods to be provided under this contract.
- 1.4 **Authority to Contract:** The contract is issued under the authority of the Contracting Officer who signed this contract. Changes to the contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by an unauthorized state employee or made unilaterally by the Contractor are violations of the contract and of applicable law. Such changes, including unauthorized written contract amendments, shall be void and without effect, and the Contractor shall not be entitled to any claim under this contract based on those changes.
- 1.5 **Effective Date:** The contract's effective date shall be the date that the Contracting Officer signs the Offer and Award page of this document.
- 1.6 **Type of Contract:** The contract is a firm fixed price contract.
- 1.7 **Term of the Contract:** The initial term of this contract shall be for one (1) initial year with four (4) one-year options to extend, not to exceed a total contracting period of five (5) years. The terms and conditions of any such contract extension shall remain the same as the original contract, as amended. All contract extensions shall be through contract amendment, and shall be at the sole option of AHCCCSA. When the Contracting Officer issues an amendment to extend the contract, the provisions of such extension will be deemed to have been accepted 60 days after the date of mailing by the Contracting Officer, even if the extension amendment has not been signed by the Contractor, unless within that time the Contractor notifies the Contracting Officer in writing that it refuses to sign the extension amendment. If the Contractor provides such notification, the Contracting Officer will initiate contract termination proceedings.


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- 1.8. **Value in Procurement:** Through the Governor's Efficiency Review initiative the Value in Procurement Committee has been established. A major initiative of the VIP Committee is to aggregate specific procurements to increase efficiency and cut costs. The VIP Committee may designate and establish a statewide contract for these types of goods or services. At such time, this contract may not be extended beyond its current term, although additional contract extensions may still be available.
- 1.9. **Method of Compensation:** Subject to the availability of funds and the terms and conditions of the contract, AHCCCSA will reimburse the Contractor in equal monthly installments based on the fixed price established by the Pricing Schedule for each contract year and provided that the Contractor's performances is in compliance with the terms and conditions of the contract. These payments shall be made no later than the 10th working day of each month.
2. **Other Contracts:** In entering into this contract, the Contractor shall understand and agree that the contract is for the sole convenience of AHCCCSA and as such the AHCCCSA or the State of Arizona reserve the right to obtain like goods or services from another source when necessary. If AHCCCSA or the State award other contracts for additional work related to this contract and Contractor shall fully cooperate with such other contractors and AHCCCS employees or designated agents, and carefully fit its own work to such other contractors' work. The Contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor or by AHCCCS employees or designated agents. AHCCCSA shall equitably enforce this section to all contractors to prevent the imposition of unreasonable burdens on any contractor.
3. **Conflict of Interest:** The Contractor shall not undertake any work that represents a potential conflict of interest, or which is not in the best interest of AHCCCSA or the State without prior written approval by AHCCCSA. The Contractor shall fully and completely disclose any situation that may present a conflict of interest. If the Contractor is now performing or elects to perform during the term of this contract any services for any AHCCCS health plan, provider or Contractor or an entity owning or controlling same, the Contractor shall disclose this relationship prior to accepting any assignment involving such party.
4. **Covenant Against Contingent Fees:** The Contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee. For violation of this warranty, the Contracting Officer shall have the right to annul this contract without liability.
5. **Employees of the Contractor:** All employees of the Contractor employed or in performance of work under this Contract shall be employees of the Contractor at all times and not of AHCCCSA. The Contractor shall comply with the Social Security Act, Workers' Compensation laws and unemployment laws of the State of Arizona as well as federal, state and local legislation relevant to the Contractor's business.
6. **Federal Immigration and Nationality Act:** The Contractor shall comply with all federal, state, and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, the Contractor shall flow down this requirement to all subcontractors utilized during the term of the contract. The State shall retain the right to perform random audits of Contractor and subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that

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the Contractor and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to: suspension of work, termination of the contract for default, and suspension and/or debarment of the Contractor.

7. **Independent Contractor:** The Contractor represents himself/herself to be an independent contractor offering such services to the general public and shall not represent himself/herself or his/her employees to be an employee of the State of Arizona and/or AHCCCSA. Therefore, the Contractor shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, workers compensation, employee insurance, etc.
8. **Warranty of Services:** The Contractor warrants that all services provided under this contract will conform to the requirements stated herein. AHCCCSA' acceptance of services provided by the Contractor shall not relieve the Contractor from its obligations under this warranty. In addition to its other remedies, the Contracting Officer may, at the Contractor's expense, require prompt correction of any services failing to meet the Contractor's warranty herein. Services corrected by the Contractor shall be subject to all of the provisions of this contract in the manner and to the same extent as the services originally furnished.
9. **Responsibility for Payments Indemnification:** The Contractor shall be responsible for issuing payment for services performed by the Contractor's employees and will indemnify and save AHCCCSA harmless for all claims whatsoever growing out of the lawful demands of employees, subcontractors, suppliers or any other third party incurred in the furtherance of the performance of the contract. The Contractor shall, at AHCCCSA' request, furnish satisfactory evidence that all obligations of the nature hereinabove designated have been paid, discharged or waived.
10. **Indemnification Clause:** The Contractor shall indemnify, defend, save and hold harmless the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees (hereinafter referred to as "Indemnatee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents and employees for losses arising from the work performed by the Contractor for the State of Arizona.
11. **Lobbying:** No funds paid to the Contractor by AHCCCSA, or interest earned thereon, shall be used for the purpose of influencing or attempting to influence an officer or employee of any federal or State agency, a member of the United States Congress or State Legislature, an officer or employee of a member of the United

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States Congress or State Legislature in connection with awarding of any federal or State contract, the making of any federal or State grant, the making of any federal or State loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal or State contract, grant, loan, or cooperative agreement. The Contractor shall disclose if any funds other than those paid to the Contractor by AHCCCSA have been used or will be used to influence the persons and entities indicated above and will assist AHCCCSA in making such disclosures to CMS.

12. Confidentiality:

- 12.1 The Contractor shall, at all times, in the performance of this contract, ensure that it maintains compliance with the Health Insurance Portability and Accountability Act (HIPAA) of 1996 and Balanced Budget Act of 1997, including CFR parts 160 and 164 as a “Business Associate of the Corporation.” (See Exhibit D for a copy of the HIPAA Business Associate Addendum.)
- 12.2 The Contractor shall establish and maintain procedures and controls that are acceptable to AHCCCSA for the purpose of assuring that no information contained in its records or obtained from AHCCCSA or others carrying out its functions under the contract, shall be used or disclosed by it, its agents, officers or employees, except as required to efficiently perform duties under the contract. Persons requesting such information shall be referred to AHCCCSA. The Contractor also agrees that any information pertaining to individual persons shall not be divulged other than to employees or officers of the contractor as needed for the performance of duties under the contract, unless otherwise agreed to, in writing, by AHCCCSA.
- 12.3 The Contractor shall not, without prior written approval from the Contracting Officer, either during or after the performance of the services required by this contract, use, other than for such performance, or disclose to any person other than AHCCCS personnel with a need to know, any information, data, material, or exhibits created, developed, produced, or otherwise obtained during the course of the work required by this contract. This nondisclosure requirement shall also pertain to any information contained in reports, documents, or other records furnished to the Contractor by AHCCCSA.

13. Record Retention:

- 13.1 The Contractor shall maintain books and records relating to contract services and expenditures, including reports to AHCCCSA and working papers used in the preparation of reports to AHCCCSA. The Contractor shall comply with the specifications for record keeping established by AHCCCSA. All books and records shall be maintained to the extent and in such detail as required by AHCCCS rules and policies.
- 13.2 The Contractor shall preserve and make available all records for a period of five years from the date of final payment under this contract except as provided below:
 - a. If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five years from the date of any such termination

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- b. Records which relate to grievances, disputes, litigation or the settlement of claims arising out of the performance of this contract, or costs and expenses of this contract to which exception has been taken by AHCCCSA, shall be retained by the Contractor for a period of five years after the date of final disposition or resolution thereof.
- c. Records which are covered under HIPAA must be made available for six years per 45 CFR 164.530(j).
- d. The Contractor shall comply with the recordkeeping requirements set forth in AHCCCS eligibility policy.

14. Ownership of Information and Data:

- 14.1 Any data or information system, including all software, documentation and manuals, developed by Contractor pursuant to this contract, shall be deemed to be owned by AHCCCSA. The federal government reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use for federal government purposes, such data or information system, software, documentation and manuals. Proprietary software which is provided at established catalog or market prices and sold or leased to the general public shall not be subject to the ownership or licensing provisions of this section.
- 14.2 Data, information and reports collected or prepared by Contractor in the course of performing its duties and obligations under this contract shall be deemed to be owned by AHCCCSA. The ownership provision is in consideration of Contractor's use of public funds in collecting or preparing such data, information and reports. These items shall not be used by Contractor for any independent project of Contractor or publicized by Contractor without the prior written permission of the Contracting Officer. Subject to applicable state and federal laws and regulations, AHCCCSA shall have full and complete rights to reproduce, duplicate, disclose and otherwise use all such information. At the termination of the contract, Contractor shall make available all such data to the Contracting Officer within thirty (30) days following termination of the contract or such longer period as approved by the Contracting Officer. For purposes of this subsection, the term "data" shall not include member medical records.
- 14.3 Except as otherwise provided in this section, if any copyrightable or patentable material is developed by Contractor in the course of performance of this contract, the federal government, AHCCCSA and the State of Arizona shall have a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for state or federal government purposes. Contractor shall additionally be subject to the applicable provisions of 45 CFR Part 74 and 45 CFR Parts 6 and 8.

15. Fidelity Bond: The Contractor shall establish and maintain a fidelity bond in its own name for the officers and employees to insure against criminal conduct by the Contractors, its officers, agents, employees and subcontractors. The fidelity bond shall:

- a. Be in the amount of one million dollars (\$1,000,000) to provide funds
- b. Name AHCCCSA as the principal beneficiary of the bond

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- c. Be issued by a qualified surety, licensed to do business in Arizona, which is acceptable to AHCCCSA
- d. Be in possession of the Contracting Officer within ten (10) days of the execution of the contract
- e. Provide that it cannot be canceled during the term of the bond

16 **Performance Bond:**

- 16.1 **Bond Requirements:** The Contractor shall post a performance bond (see Exhibit E), in the amount of five (5) million dollars (\$5,000,000). The performance bond shall:
- a. Be in force for the term of the contract and for one (1) year following termination of the contract
 - b. Be in the possession of the Contracting Officer within ten (10) calendar days from receipt of notice of award.
 - c. Be executed on forms substantially equivalent to SPO Form 302 included with this solicitation
 - d. Be issued by a qualified surety, licensed to do business in Arizona, which is acceptable tot AHCCCSA
- 16.2 **Recovery of Funds:** If the Contractor fails to execute the performance, as required, the Contractor may be found in default and contract terminated by the Contracting Officer. In case of default, the Contracting Officer reserves all rights to recover as provided by law, including the provision of funds to AHCCCSA for any liability, loss, damage or expense as a result of the Contractor's failure to perform fully and completely all requirements of the contract.

17. **Insurance Requirements:** The Contractor and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this contract, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.


The *insurance requirements* herein are minimum requirements for this contract and in no way limit the indemnity covenants contained in this contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, its agents, representatives, employees or subcontractors, and Contractor is free to purchase additional insurance.

- 17.1 **Minimum Scope and Limits of Insurance:** The Contractor shall provide coverage with limits of liability not less than those stated below.

17.1.1 **Commercial General Liability – Occurrence Form:**

The policy shall include bodily injury, property damage, personal injury and broad form contractual liability coverage.

- General Aggregate \$2,000,000
- Products – Completed Operations Aggregate \$1,000,000
- Personal and Advertising Injury \$1,000,000

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- Blanket Contractual Liability – Written and Oral \$1,000,000
- Fire Legal Liability \$ 50,000
- Each Occurrence \$1,000,000

17.1.1.1 The policy shall be endorsed to include the following additional insured language: *“The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor.”*

17.1.1.2 The policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

17.1.2 Automobile Liability:

Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

Combined Single Limit (CSL) \$1,000,000


The policy shall be endorsed to include the following additional insured language: *“The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor.”*

17.1.3. Worker's Compensation and Employers' Liability:

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$ 500,000
Disease – Each Employee	\$ 500,000
Disease – Policy Limit	\$1,000,000

17.1.3.1 The policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

17.1.3.2 This requirement shall not apply to: Separately, EACH contractor or subcontractor exempt under A.R.S. 23-901, AND when such contractor or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

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17.1.4 Professional Liability (Errors and Omissions Liability):

Each Claim	\$1,000,000
Annual Aggregate	\$2,000,000

17.1.4.1 In the event that the professional liability insurance required by this contract is written on a claims-made basis, the Contractor shall warrant that any retroactive date under the policy shall precede the effective date of this contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this contract is completed.

17.1.4.2 The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Work of this contract.

17.2 Additional Insurance Requirements: The policies shall include, or be endorsed to include, the following provisions:

17.2.1. The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees wherever additional insured status is required such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this contract.


17.2.2 The Contractor's insurance coverage shall be primary insurance with respect to all other available sources.

17.2.3. Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this contract.

17.3 Notice of Cancellation: Each insurance policy required by the insurance provisions of this contract shall provide the required coverage and shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the State of Arizona. Such notice shall be sent directly to **(AHCCCS Contracts, 701 East Jefferson, Mail Drop 5700, Phoenix, AZ 85034)** and shall be sent by certified mail, return receipt requested.

17.4 Acceptability of Insurers: Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

17.5 Verification of Coverage: Contractor shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.


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All certificates and endorsements are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this contract must be in effect at or prior to commencement of work under this contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this contract, or to provide evidence of renewal, is a material breach of contract.

All certificates required by this contract shall be sent directly to **(AHCCCS Contracts, 701 East Jefferson, Mail Drop 5700, Phoenix, AZ 85034)**. The State of Arizona project/contract number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time. **DO NOT SEND CERTIFICATES OF INSURANCE TO THE STATE OF ARIZONA'S RISK MANAGEMENT SECTION.** See Exhibit F for a copy of the Certificate of Insurance.


- 17.6 **Subcontractors:** The Contractor's certificate(s) shall include all subcontractors as insureds under its policies **or** the Contractor shall furnish to the State of Arizona separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.
- 17.7 **Approval:** Any modification or variation from the *insurance requirements* in this Contract shall be made by the Department of Administration, Risk Management Section, whose decision shall be final. Such action will not require a formal contract amendment, but may be made by administrative action.
- 17.8 **Exceptions:** In the event the Contractor or sub-contractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self-Insurance. If the Contractor or sub-contractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.

18. **Annual Operation and Financial Reviews:** AHCCCSA may conduct an annual operational and financial review of the Contractor for the purpose (but not limited to) ensuring contract compliance. The type and duration of the review will be solely at the discretion of AHCCCSA. The review will identify areas where improvements can be made and make recommendations accordingly, monitor the Contractor's progress towards implementing mandated contract requirements and provide the Contractor with technical assistance if necessary. Except in cases where advance notice is not possible or advance notice may render the review less useful, AHCCCSA will give the Contractor at least three (3) weeks advance notice of the date of the scheduled operational and financial review. AHCCCSA reserves the right to conduct reviews without notice. AHCCCSA may conduct a review without notice in the event the Contractor undergoes a merger, reorganization, changes ownership or makes changes in three or more key staff positions within a 12-month period, or to investigate complaints received by AHCCCSA. The Contractor shall submit a corrective action plan (and any subsequent modifications) to improve areas of non-compliance identified in the review to AHCCCSA for approval.

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19. Non-Compliance with Contract Requirements

- 19.1 Corrective Action: When AHCCCSA determines that the Contractor is not in compliance with any term of this contract, the Contractor, upon written notification by AHCCCSA, shall immediately develop and implement an AHCCCS-approved corrective action plan.
- 19.2 Notice To Cure: AHCCCSA may provide the Contractor with a written Notice To Cure regarding the details of the Contractor's non-compliance. The Notice to Cure will specify the time during which the Contractor must bring its performance back into compliance with contract requirements. If at the end of the specified time period which will be a minimum of 90 calendar days, the Contractor has complied with the Notice To Cure requirements, AHCCCSA will take no further action. If, however, the Contractor has not complied with the Notice to Cure requirements, AHCCCSA may impose monetary sanctions or exercise any other available remedy under this contract.
- 19.3 AHCCCS Imposed Sanctions: AHCCCSA, at its sole discretion, may impose monetary sanctions on the Contractor for failure to comply with: 1) the terms of this contract, 2) the date specified in a Notice to Cure, or 3) a corrective action plan. The dollar amount of the sanction shall be according to the severity of the violation and will be guided by the following schedule:
- Failure to meet the monthly performance threshold for eligibility timeliness for applications will be based on the Contractor's performance threshold for the month:
 - 94 to 90% = Up to \$2,500
 - 90 to 80% = Up to \$5,000
 - 80 to 75% = Up to \$12,500
 - Below 75% = Up to \$25,000
 - Failure to meet the monthly performance threshold for eligibility timeliness for renewals will be based on the Contractor's performance threshold for the month:
 - 94 to 90% = Up to \$2,500
 - 90 to 80% = Up to \$5,000
 - 81 to 75% = Up to \$12,500
 - Below 75% = Up to \$25,000
 - Failure to meet the performance threshold for accuracy of eligibility determination will be based on the Contractor's performance threshold for the quarter:
 - 96 to 90% = Up to \$2,500
 - 89 to 80% = Up to \$5,000
 - 81 to 75% = Up to \$12,500
 - Below 75% = Up to \$25,000

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- Failure to meet the monthly performance thresholds for customer service accessibility will be based on the Contractor's performance thresholds for the month:
 - 60 to 80 seconds to answer: Up to \$3,000
 - Above 80 seconds to answer: Up to \$7,500
 - 5.01 to 8.00% abandoned calls: Up to \$1,500
 - 8.01 to 10.00% abandoned calls: Up to \$3,000
 - Above 10.00% abandoned calls: \$7,500
- Failure to meet the monthly performance thresholds for customer service accuracy will be based on the Contractor's performance thresholds for the month:
 - 96 to 90%: Up to \$1,500
 - 89 to 80%: Up to \$3,000
 - Below 80%: Up to \$7,500
- Not to exceed \$1,000 per calendar day from the occurrence to the correction of the default for non-compliance of a Contract requirement, notice to cure, or corrective action plan


If the Contractor does not correct the violation within the time frames established in the notice of sanction, AHCCCSA may impose an additional sanction, which at the discretion of AHCCCSA, may be equal to or greater than twice the sanction amount imposed for the unresolved violation.

AHCCCSA shall provide written notice to the Contractor specifying the sanction to be imposed, the grounds for such sanction and the amount of funds to be withheld from payments to the Contractor and the steps necessary to avoid future sanctions.

19.4 **Federally Imposed Sanctions:** The Contractor shall be responsible for payment of any financial sanctions imposed on AHCCCSA by the federal government (e.g., CMS) related to the Contractor's performance under this contract. The Contractor's payment shall not be due until the federal government has imposed sanctions upon AHCCCSA for acts or omission related to the Contractor's performance under this contract. If the federal government imposes sanctions upon AHCCCSA, the Contractor shall either reimburse AHCCCSA upon demand, or AHCCCSA shall withhold payment of any sanction, disallowance amount, or amount determined by the federal government to be unallowable, after exhaustion of the appeals process, when applicable and provided the federal government does not impose the sanctions until after the appeals process is completed. The Contractor shall bear the administrative cost of the appeals process.

20. **Contract Disputes:** Contract disputes arising under A.R.S. § Title 36, Chapter 29 shall be adjudicated in accordance with AHCCCS Rules.

21. **Choice of Forum:** The parties agree that jurisdiction over any action arising out of or relating to this contract shall be brought or filed in a court of competent jurisdiction located in the State of Arizona.

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22. **Contract Cancellation:**


- 22.1 **Assignment of Contract and Bankruptcy:** This contract is voidable and subject to immediate cancellation by the Contracting Officer upon Contractor becoming insolvent or filing proceedings in bankruptcy or assigning rights or obligations under this contract without the prior written consent of the Contracting Officer.
- 22.2 **Default:** AHCCCSA reserves the right to immediately cancel the whole or any part of this contract due to failure of the Contractor to carry out any material obligation, term or condition of the contract. The Contracting Officer shall issue a written notice of default effective at once and not deferred by any interval of time. Default shall be when the Contractor acts or fails to act in any of the following ways:
- Providing material that does not meet the specifications of the contract
 - Failing to adequately perform the services set forth in the specifications of the contract
 - Failing to complete the work required or furnish the materials required within the time stipulated in the contract
 - Failing to make progress in the performance of the contract and/or giving the Contracting Officer reason to believe that the Contractor will not or cannot perform to the requirements of the contract.

In the case of default, the Contracting Officer may resort to any single or combination of the following remedies:

- Cancel the contract
- Reserve all rights or claims to damage for breach of any covenants of the contract
- Perform any test or analysis on materials for compliance with the specifications of the contract. If the result of any test confirms a material non-compliance with the specifications, any reasonable expense of testing shall be borne by the Contractor
- Purchase materials to complete the required work in accordance with the Arizona Procurement Code. The Contracting Officer may recover reasonable excess costs from the Contractor through deduction from an unpaid balance; collection against the fidelity and/or performance bond; or any combinations of the above or any other remedies as provided by law.

23. **Contract Termination:**

- 23.1 **Contractor Liability:** In the event of termination or suspension of the contract by AHCCCSA, such termination or suspension shall not affect the obligation of the Contractor to indemnify AHCCCSA for any claim by any third party against the State or AHCCCSA arising from the Contractor's performance of this contract and for which the Contractor would otherwise be liable under this contract. The Contractor shall be liable to AHCCCSA for any excess costs, and in addition, for liquidated damages until such time AHCCCSA may reasonably obtain delivery or performance of similar supplies or services.

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- 23.2 Transition Costs: If the Contractor chooses not to renew this contract, the Contractor may be liable for certain costs associated with the transition of services to a different Contractor. If the Contractor provides the Contracting Officer written notice of its intent not to renew this contract at least 180 days before its expiration, this liability for transition costs may be waived by the Contracting Officer.

24. Transition Period Due to Contract Termination:

- 24.1 Contractor Performance: In the event the contract or any portion thereof, is terminated for any reason, or expires, the Contractor shall continue to perform, in accordance with the requirements of the contract, up to the date of termination, as directed in the termination notice.
- 24.2 Transition Responsibilities: During the transition period, the Contractor shall work closely with AHCCCS staff and if applicable, the new Contractor's personnel to ensure a smooth and complete transfer of duties and responsibilities. All transition activities will be coordinated by an AHCCCS authorized representative. The Contractor shall designate a transition coordinator to oversee the transition of its operation under this contract to AHCCCSA or its designee. The Contractor shall work in conjunction with AHCCCSA and the new Contractor to develop a detailed work plan for the transition of its operation, including the complete transfer of all documents and data files in a timely and efficient manner. Once the change in Contractors is acknowledged, that portion of the service shall be discontinued by the Contractor and shall be provided by the new Contractor. Payment shall be made to the vendor providing the service.
- 24.3 AHCCCS Rights: AHCCCSA reserves the right to 1) determine which projects nearing completion will remain with the Contractor, and 2) extend the term of the contract on a month-to-month basis to assist in any transition of operations.

25. Eligible Persons Must Meet Citizenship or Qualified Alien Requirements

The Contractor shall ensure that every person determined eligible for KidsCare meets title XIX requirements for United States citizenship or qualified alien status in the manner prescribed in ARS section 36-2903.03. This includes requiring that a person applying for eligibility must provide satisfactory documentary evidence of citizenship or qualified alien status as required by the federal deficit reduction act of 2005 (P.L. 109-171; United States Code section 1396b) or any other applicable federal law or regulation.

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COST PROPOSAL FORM


1. Prices

The Offeror shall provide proposed firm, fixed rates for each of the five contract years. The proposed rates shall be considered “all-inclusive” and the successful Contractor will not be reimbursed for any other costs associated with the resultant contract services.

Contract Year	Costs for KidsCare	Costs for HIFA Parents	Total Costs
Year 1 (January 2008 – June 30, 2009)			
Year 2 (July 1, 2009 – June 30, 2010)			
Year 3 (July 1, 2010 – June 30, 2011)			
Year 4 (July 1, 2011 – June 30, 2012)			
Year 5 (July 1, 2012 – June 30, 2013)			

2. Detail Budgets


As described in the Special Instructions to the Offeror, Section 3.1, the Offeror must also provide detail budgets for each of the contract years.

	Exhibit B – Offeror’s Financial Disclosure		AHCCCS Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
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OFFEROR'S FINANCIAL DISCLOSURE

Instructions: Complete each item, using attachments where necessary. If attachments are used, indicate the item number and question being referenced as it appears below.


	<u>YES</u>	<u>NO</u>
A. Does the Offeror's organization prepare:	_____	_____
a) a public annual audited financial statement	_____	_____
b) an Annual Statement on Auditing Standards (SAS) No. 70, Service Organizations Examination with a Type II Service Auditor's Report?	_____	_____
c) an unaudited financial statement	_____	_____
If yes, provide the most recent copy of the reports.		
B. Is your organization audited by an independent auditor?	_____	_____
If yes, answer 1 through 4.		
1) How often are audits conducted? _____		
2) By whom are they conducted? _____		
3) Are management letters or internal controls issued by the auditing firm?	_____	_____
4) Does your organization have any uncorrected audit exceptions?	_____	_____
C. Are there any suits, judgments, tax deficiencies or claims pending against your organization?	_____	_____
If yes, answer 1 and 2		
1) What is the dollar amount? _____		
2) In which state(s)? _____		
D. Has the Offeror's organization ever gone through bankruptcy?	_____	_____
If yes, answer 1 through 2		
1) When was the bankruptcy? _____		
2) What type of bankruptcy was it? _____		

 AHCCCS	Exhibit C – Offeror’s Checklist		AHCCCS Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
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Note to Offerors: This Exhibit is available in the Bidder’s Library. The Offerors must include all items below, unless otherwise noted, when submitting its proposal. This Exhibit has been added to this RFP as a convenience to the Offerors. It is believed to be a complete listing of all submission requirements pursuant to this RFP. However, if a requirement is stated anywhere in the RFP text, yet does not appear in the Offeror's Checklist, the text statement takes precedence over the omission of that requirement in the Offeror's Checklist.

To complete the Offeror’s Checklist, the Offeror must enter in the column titled “Offeror’s Page #”, the appropriate page numbers from its proposal where the AHCCCS Evaluation Panel may find the Offeror’s response to that requirement.


Reqmt. #	Description:	RFP Page # Reference	Offeror’s Page #
1.	Offer and Acceptance page	Page 3	
2.	Offeror’s Checklist (i.e., Exhibit C with page numbers entered in the right-hand column of this table.)	This Page	
	Proposal Response		
3.	3.1 Cost Proposal (Exhibit A)	43	
4.	3.1.1 Pricing Schedule	43	
5.	3.1.2 Detail Budgets	43	
6.	3.2 Experience of the Offeror	43	
7.	3.2.1 Description of organization’s experience	43	
8.	3.2.2 Performance measure results	44	
9.	3.2.3 Discontinued contracts	44	
10.	3.2.4 Subcontractor(s)	44	
11.	3.2.5 Offeror’s Financial Disclosure (Exhibit B)	44	
12.	3.3 Organization and Provision of Contract Services	44	
13.	3.3.1 Organizational chart	44	
14.	3.3.2 Key personnel	44	
15.	3.3.3 Staffing plan	44	
16.	3.3.4 Hiring staff	44	
17.	3.3.5 Employee benefit package	45	
18.	3.3.6 Training plan	45	
19.	3.3.7 Bonding	45	
20.	3.3.8 Other start-up initiatives	45	
21.	3.3.9 Implementation of key contract services	45	
22.	3.3.10 Performance improvement	45	
23.	3.3.11 Efficiency strategies	46	
24.	3.3.12 Additional contract services	46	
25.	3.3.13 Implementation work plan	46	
26.	Statement of intent to provide Certificate of Insurance	46	

	Exhibit D – HIPAA Business Associate Addendum		AHCCCS Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
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This Addendum is made part of this Contract between the Arizona Health Care Cost Containment System ("AHCCCS") and the Contractor, referred to as "Business Associate" in this addendum.

AHCCCS and Business Associate agree that this Contract shall comply with the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as set forth in Title 45, Parts 160 and 164 of the Code of Federal Regulations (the "CFR"). In the event of conflicting terms or conditions, this Addendum shall supersede the Contract.


1. Definitions. Capitalized terms not otherwise defined in the Contract shall have the meanings given to them in Title 45, Parts 160 and 164 of the CFR and are incorporated herein by reference.
2. Use and Disclosure of Protected Health Information. Business Associate shall use and/or disclose Protected Health Information ("PHI") only to the extent necessary to satisfy Business Associate's obligations under the Contract.
3. Prohibition on Unauthorized Use or Disclosure of PHI. Business Associate shall not use or disclose any PHI received from or on behalf of AHCCCS, except as permitted or required by the Contract, as required by law or as otherwise authorized in writing by AHCCCS. Business Associate shall comply with:
 - a. Title 45, Part 164 of the CFR;
 - b. State laws, rules and regulations applicable to PHI not preempted pursuant to Title 45, Part 160, Subpart B of the CFR or the Employee Retirement Income Security Act of 1974 ("ERISA") as amended; and
 - c. AHCCCS' health information privacy and security policies and procedures.
4. Business Associate's Operations. Business Associate may use PHI it creates or receives for or from AHCCCS only to the extent necessary for Business Associate's proper management and administration or to carry out Business Associate's legal responsibilities. Business Associate may disclose such PHI as necessary for Business Associate's proper management and administration or to carry out Business Associate's legal responsibilities only if:
 - a. The disclosure is required by law; or
 - b. Business Associate obtains reasonable assurance, evidenced by written contract, from any person or organization to which Business Associate shall disclose such PHI that such person or organization shall:
 - (i) Hold such PHI in confidence and use or further disclose it only for the purpose for which Business Associate disclosed it to the person or organization or as required by law; and
 - (ii) Notify Business Associate (who shall in turn promptly notify AHCCCS) of any instance of which the person or organization becomes aware in which the confidentiality of such PHI was breached.
5. Data Aggregation Services. Business Associate may use PHI to provide Data Aggregation Services related to AHCCCS' Health Care Operations.

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6. PHI Safeguards. Business Associate shall develop, implement, maintain and use appropriate administrative, technical and physical safeguards to prevent the improper use or disclosure of any PHI received from or on behalf of AHCCCS.
7. Electronic Health Information Security and Integrity. Business Associate shall develop, implement, maintain and use appropriate administrative, technical and physical security measures in compliance with Section 1173(d) of the Social Security Act, Title 42, Section 1320d-2(d) of the United States Code and Title 45, Part 142 of the CFR to preserve the integrity and confidentiality of all electronically maintained or transmitted Health Information received from or on behalf of AHCCCS pertaining to an individual. Business Associate shall document and keep these security measures current.
8. Protection of Exchanged Information in Electronic Transactions. If Business Associate conducts any Standard Transaction for or on behalf of AHCCCS, Business Associate shall comply, and shall require any subcontractor or agent conducting such Standard Transaction to comply, with each applicable requirement of Title 45, Part 162 of the CFR. Business Associate shall not enter into or permit its subcontractors or agents to enter into any Trading Partner Contract in connection with the conduct of Standard Transactions for or on behalf of AHCCCS that:
 - a. Changes the definition, Health Information condition or use of a Health Information element or segment in a Standard;
 - b. Adds any Health Information elements or segments to the maximum defined Health Information set;
 - c. Uses any code or Health Information elements that are either marked "not used" in the Standard's Implementation Specification or are not in the Standard's Implementation Specification(s); or
 - d. Changes the meaning or intent of the Standard's Implementation Specification(s).
9. Subcontractors and Agents. Business Associate shall require each of its subcontractors or agents to whom Business Associate may provide PHI received from, or created or received by Business Associate on behalf of AHCCCS to agree to written contractual provisions that impose at least the same obligations to protect such PHI as are imposed on Business Associate by the Contract.
10. Access to PHI. Business Associate shall provide access, at the request of AHCCCS, to PHI in a Designated Record Set, to AHCCCS or, as directed by AHCCCS, to an individual to meet the requirements under Title 45, Part 164, Subpart E, Section 164.524 of the CFR and applicable state law. Business Associate shall provide access in the time and manner set forth in AHCCCS' health information privacy and security policies and procedures.
11. Amending PHI. Business Associate shall make any amendment(s) to PHI in a Designated Record Set that AHCCCS directs or agrees to pursuant to Title 45, Part 164, Subpart E, Section 164.526 of the CFR at the request of AHCCCS or an Individual, and in the time and manner set forth in AHCCCS' health information privacy and security policies and procedures.
12. Accounting of Disclosures of PHI.

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- a. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for AHCCCS to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with Title 45, Part 164, Subpart E, Section 164.528 of the CFR.
 - b. Business Associate agrees to provide AHCCCS or an individual, in the time and manner set forth in AHCCCS' health information privacy and security policies and procedures, information collected in accordance with Section 11(a) above, to permit AHCCCS to respond to a request by an individual for an accounting of disclosures of PHI in accordance with Title 45, Part 164, Subpart E, Section 164.528 of the CFR.
13. Access to Books and Records. Business Associate shall make its internal practices, books and records relating to the use and disclosure of PHI received from or on behalf of AHCCCS available to AHCCCS and to DHHS or its designee for the purpose of determining AHCCCS' compliance with the Privacy Rule.
14. Reporting. Business Associate shall report to AHCCCS any use or disclosure of PHI not authorized by the Contract, by law, or in writing by AHCCCS. Business Associate shall make the report to AHCCCS' Privacy Official not less than 24 hours after Business Associate learns of such unauthorized use or disclosure. Business Associate's report shall at least:
 - a. Identify the nature of the unauthorized use or disclosure;
 - b. Identify the PHI used or disclosed;
 - c. Identify who made the unauthorized use or received the unauthorized disclosure;
 - d. Identify what Business Associate has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure;
 - e. Identify what corrective action Business Associate has taken or shall take to prevent future similar unauthorized use or disclosure; and
 - f. Provide such other information, including a written report, as reasonably requested by AHCCCS' Privacy Official.
15. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of the Contract.
16. Termination for Cause. Upon AHCCCS' knowledge of a material breach by Business Associate of the terms of this Addendum, AHCCCS shall:
 - a. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate if Business Associate does not cure the breach or end the violation within the time specified by AHCCCS.
 - b. Immediately terminate the Contract if Business Associate has breached a material term of the Contract and cure is not possible.
 - c. If neither termination nor cure is feasible, AHCCCS shall report the violation to DHHS.
17. Return or Destruction of Health Information.

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- a. Except as provided in Section 17(b) below, upon termination, cancellation, expiration or other conclusion of the Contract, Business Associate shall return to AHCCCS or destroy all PHI received from AHCCCS, or created or received by Business Associate on behalf of AHCCCS. This provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI.
 - b. In the event that Business Associate determines that returning or destroying the PHI is not feasible, Business Associate shall provide to AHCCCS notification of the conditions that make return or destruction not feasible. Upon verification by AHCCCS that the return or destruction of PHI is not feasible, Business Associate shall extend the protections of the Contract to such PHI and limit further uses and disclosure of PHI to those purposes that make the return or destruction not feasible, for so long as Business Associate maintains such PHI.
18. Automatic Amendment. Upon the effective date of any amendment to the regulations promulgated by HHS with respect to PHI, the Contract shall automatically amend such that the obligations imposed on Business Associate as a Business Associate remain in compliance with such regulations.

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KNOW ALL PERSONS BY THESE PRESENTS:

THAT, _____ (hereinafter called Principal), as Principal, and _____, a corporation organized and existing under the laws of the State of _____ with its principal office in the City of _____ (hereinafter called the Surety), as Surety, are held and firmly bound unto the State of Arizona, (hereinafter called the Obligee) in the amount of _____ (Dollars) (\$ _____), for the payment whereof, the said Principal and Surety bind themselves and their heirs, administrators, executors, successor assigns, jointly and severally firmly by these presents.

WHEREAS, the Principal has entered into a certain written contract with the Obligee, dated the _____ day of _____, 20_____, for the material, service or construction described as _____

which contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said Principal shall faithfully perform and fulfill all the undertakings, covenants, terms, conditions and agreements of said contract during the original term of said contract and any extension thereof, with or without notice to the Surety and during the life of any guaranty required under the contract, and shall also perform and fulfill all the undertakings, covenants, terms, conditions and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the Surety being hereby waived; then the above obligations shall be void, otherwise to remain in full force and effect.


The prevailing party in a suit on this bond shall recover as part of his judgment such reasonable attorneys' fees as may be fixed by a judge of the Court.

Witness our hands this _____ day of _____, 20_____

Principal Seal
By _____

Surety Seal
By _____

Agency of Record

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Prior to commencing services under this contract, the contractor must furnish the state certification from insurer(s) for coverages in the minimum amounts as stated below. The coverages shall be maintained in full force and effect during the term of this contract and shall not serve to limit any liabilities or any other contractor obligations.

Name and Address of Insurance Agency:	Company Letter:	Companies Affording Coverage:
	A	
	B	
Name and Address of Insured:	C	
	D	

LIMITS OF LIABILITY MINIMUM - EACH OCCURRENCE		COMPANY LETTER	TYPE OF INSURANCE	POLICY NUMBER	DATE POLICY EXPIRES
Bodily Injury Per Person Each Occurrence Property Damage OR Bodily Injury and Property Damage Combined			Comprehensive General Liability Form Premises Operations Contractual Independent Contractors Products/Completed Operations Hazard Personal Injury Broad Form Property Damage Explosion & Collapse (If Applicable) Underground Hazard (If Applicable)		
Same as Above			Comprehensive Auto Liability Including Non-Owned (If Applicable)		
Necessary if underlying is not above minimum			Umbrella Liability		
Statutory Limits			Workmen's Compensation and Employer's Liability		
			Other		


State of Arizona and the Department named above are added as additional insured as required by statute, contract, purchase order, or otherwise requested. It is agreed that any insurance available to the named insured shall be primary of other sources that may be available.

It is further agreed that no policy shall expire, be canceled or materially changed to affect the coverage available to the state without thirty (30) days written notice to the State. This Certificate is not valid unless countersigned by an authorized representative of the insurance company.

Name and Address of Certificate Holder:

Date Issued:


Authorized Representative

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ATTACHMENT A – DEFINITIONS FOR ELIGIBILITY RFP

In addition to the definition of terms provided in the Uniform Instructions to Offerors, other definition of terms used in this solicitation document, and any resultant contract are defined as follows:


Term	Definition
A.A.C.	Arizona Administrative Code
Abuse (of member)	Intentional infliction of physical, emotional or mental harm, caused by negligent acts or omissions, unreasonable confinement, sexual abuse or sexual assault as defined by A.R.S. 46-451.
ACE	AHCCCS Customer Eligibility, the database that maintains data and processes eligibility for KidsCare and HIFA parent programs.
Adverse Action	An action taken that adversely affects a member's eligibility or premium amount.
Agent	Any person who has been delegated the authority to obligate or act on behalf of another person or entity.
AHCCCSA	Arizona Health Care Cost Containment System Administration
Appeal	Action taken by a customer who requests an eligibility hearing when the following type of adverse action has been taken by the State: 1) eligibility is denied for both KidsCare and Medicaid, 2) eligibility for KidsCare is discontinued and Medicaid is not approved in its place, 3) the eligibility decision is delayed beyond the 30 calendar day processing time or 4) the establishment or increase of the premium payment amount.
Applicant	A person who submits or whose authorized representative submits, a written, signed, and dated application for AHCCCS benefits.
Application	An official request for AHCCCS medical coverage.
A.R.S.	Arizona Revised Statute
AZTECS	Arizona's Technical Eligibility Computer System, a DES database that maintains information on individuals who are or were receiving case assistance, medical assistance or food stamps.
Bad Debt	More than one month of unpaid premiums.

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Term	Definition
Bidder's Library	A repository of manuals, statutes, rules and other reference material located on the AHCCCS web site at www.azahcccs.gov .
CMS	Centers for Medicare and Medicaid Services
DBF	Division of Business and Finance
DES	Department of Economic Security
Director	Director of AHCCCS
Disenrollment	The discontinuance of a member's ability to receive covered services through an AHCCCS health plan or ALTCS program contractor.
Disposition	Making an eligibility or premium determination.
DMS	Division of Member Services, the AHCCCSA division responsible for determining KidsCare and HIFA parent eligibility as well as certain Medicaid eligibility categories.
Eligible Person	A person who is eligible to receive covered services as defined in A.R.S. 36-2901
Enrollee	A recipient who is currently enrolled with an AHCCCS health plan or ALTCS program contractor.
Enrollment	The process by which an eligible person is determined eligible for and enrolled in the AHCCCS program.
Enrollment Fee	One time fee that a person determined eligible as a HIFA parent must pay to AHCCCS before coverage under AHCCCS begins. If a person reapplies and has not been enrolled as a HIFA parent with the prior 24 months, another enrollment fee is charged.
FAA	Family Assistance Administration
Federal Poverty Level (FPL)	Guidelines issued and adjusted annually by the U.S. Health and Human Services Department that are used to determine income eligibility for KidsCare and HIFA parents program.
Fraud	An intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable state or federal law, as defined in 42 CFR 455.2.

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Term	Definition
GUIDE	General Unemployment Insurance Development Effort, a DES computer software system that allows verification of unemployment insurance and provides information about recent employment.
Health-e-Arizona	A web based screening tool and application referral system used by community organizations and some hospitals around the state to help individuals apply for public services, including AHCCCS.
HIFA Parents	Individuals determined eligible for AHCCCS coverage as set forth in A.A.C. Title 9, Chapter 31, Article 17.
KidsCare	The name of Arizona's SCHIP or Title XXI program.
MAO	Medical Assistance Only
Managed Care	Systems that integrate the financing and delivery of health care services to covered individuals by means of arrangements with selected providers to furnish comprehensive services to members; establish explicit criteria for the selection of health care providers; have financial incentives for members to use providers and procedures associated with the health plan' and have formal programs for quality and medical management and the coordination of care.
Material Omission	A fact, data or other information excluded from a report, contract, etc. the absence of which could lead to erroneous conclusions following reasonable review of such report, contract, etc.
Medicaid	A federal/state program authorized by Title XIX of the Social Security Act, as amended.
Member	An eligible person who is enrolled in AHCCCS.
PERM	Payment Error Rate Measurement, a CMS program in which a review is conducted to identify improper payments in Medicaid and SCHIP.
PMMIS	Prepaid Medical Management Information System, the AHCCCS database that maintains information on individuals who are or were receiving AHCCCS benefits.
Premium Payment	Monthly fee that KidsCare and HIFA parents pay to AHCCCS to remain eligible for AHCCCS covered services.
Renewal	Periodic review of a member's continued Title XIX or XXI eligibility.

 AHCCCS	Attachment A – Definition of Terms		AHCCCS Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
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Term	Definition
RFP	Request For Proposals, a document prepared by AHCCCSA that describes the services required and that instructs prospective Offerors how to prepare a response (proposal).
SAVE	Systematic Alien Verification for Entitlements is a web-based application that queries the federal immigration database and allows states to verify immigration status of applicants.
SCHIP	State Children’s Health Insurance Program, a federal/state program authorized by Title XXI of the Social Security Act, as amended.
SFY	State fiscal year.
SOBRA	Section 9401 of the Sixth Omnibus Budget Reconciliation Act, 1986, amended by the Medicare Catastrophic coverage Act of 1988.
SSI	Supplemental Security Income
State Plan	The written agreement between the State of Arizona and CMS which describes how the AHCCCS program meets CMS requirements for participation in the Medicaid and SCHIP program.
Subcontractor	A person, agency or organization that has contracted or delegated some of its management functions or responsibilities to provide contract services defined in this RFP.
TCS	Technical Service Center
Third Party	An individual, entity or program that is or may be liable to pay all or part of the medical cost of injury, disease or disability of an AHCCCS applicant, eligible person or member, as defined in 9 A.A.C. 22, Article 1 and 10.
Third Party Liability	The resources available from an individual, entity or program that is or may be, by agreement, circumstance or otherwise, liable to pay all or part of the medical expenses incurred by an applicant, eligible person or member as defined in 9 A.A.C. 22, Articles 1 and 10.
TIPS	Technical Interface Process System, the program that allows data to interface between ACE and AZTECS.
Title XIX	Means Medicaid as defined in 42 U.S.C. Chapter 7, Subchapter 19 (i.e., Social Security Act).

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Term	Definition
Title XXI	Title XXI of the Social Security Act known as the State Children’s Health Plan or KidsCare Plan in Arizona. Title XXI provides funds to states to enable them to initiate and expand the provisions of child health assistance to uninsured, low-income children.
Virtual Office	Using telecommunications technology to allow workers to work full-time from home or other remote location.


 AHCCCS	Attachment B – SFY 07 Administrative Budget Detail		AHCCCS Arizona Health Care Cost Containment System 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
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Table B.1.
 Arizona Health Care Cost Containment System
 KidsCare Eligibility Request For Proposal (RFP) Analysis
 FY 2007 Title XXI Appropriation By Object and Program

By Object	Functions Retained by AHCCCS	Proposed Privatization	Appropriation
Personal Services	\$ 2,372,100	\$2,875,600	\$ 5,247,700
Employee Related Expenditures	\$ 830,800	\$1,144,600	\$ 1,975,400
Prof & Outside	\$ 293,300	\$5,000	\$ 298,300
Travel In-State	\$ 10,400	\$0	\$ 10,400
Travel Out-State	\$ 3,900	\$0	\$ 3,900
Other Operating Expenditures	\$ 1,125,500	\$436,900	\$ 1,562,400
Capital Outlay	\$ -	\$0	\$ -
Capital Equipment	\$ 42,400	\$0	\$ 42,400
Non-Capital Equipment	\$ 37,000	\$5,000	\$ 42,000
Transfers	\$ 153,100	\$0	\$ 153,100
Grand Total	<u>\$ 4,868,500</u>	<u>\$ 4,467,100</u>	<u>\$ 9,335,600</u>

By Program			
KidsCare Program	\$ 3,835,300	\$ 3,557,400	\$ 7,392,700
HIFA Parent Program	\$ 1,033,200	\$ 909,700	\$ 1,942,900
Grand Total	<u>\$ 4,868,500</u>	<u>\$ 4,467,100</u>	<u>\$ 9,335,600</u>

Note: The Title XXI programs are appropriated as one amount.


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Table B.2.

Arizona Health Care Cost Containment System
KidsCare Eligibility Request For Proposal (RFP) Analysis
FY 2007 Title XXI P&O and OOE Detail

P&O Detail	Functions Retained by AHCCCS	Proposed Privatization	TOTAL
External Financial Services	\$ 35,500	\$ -	\$ 35,500
External Legal Services	\$ 20,200	\$ -	\$ 20,200
Temporary Services	\$ 17,200	\$ 5,000	\$ 22,200
External Medical Services	\$ 40,900	\$ -	\$ 40,900
Other Professional and Outside Services	\$ 179,500	\$ -	\$ 179,500
P&O Subtotal	<u>\$ 293,300</u>	<u>\$ 5,000</u>	<u>\$ 298,300</u>

OOE Detail	Functions Retained by AHCCCS	Proposed Privatization	TOTAL
Risk Mgmt Charges to State Agencies	\$ 39,900	\$ -	\$ 39,900
DOADC Data Center	\$ 199,400	\$ -	\$ 199,400
External Programming	\$ 379,700	\$ -	\$ 379,700
Telecommunications	\$ 108,700	\$ 150,300	\$ 259,000
Utilities	\$ 28,500	\$ 28,500	\$ 57,000
Rent	\$ 600	\$ 110,200	\$ 110,800
Repair and Maintenance	\$ 146,500	\$ 70,600	\$ 217,100
Supplies	\$ 30,300	\$ 16,000	\$ 46,300
Postage and Delivery	\$ 152,400	\$ 56,100	\$ 208,500
All Other Expenditures	\$ 39,500	\$ 5,200	\$ 44,700
OOE Subtotal	<u>\$ 1,125,500</u>	<u>\$ 436,900</u>	<u>\$ 1,562,400</u>


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Table B.3.
 Arizona Health Care Cost Containment System
 KidsCare Eligibility Request For Proposal (RFP) Analysis
 Title XXI Eligibility Cost By Object

	FY 2005 Actual	FY 2006 Actual	FY 2007 Spend Plan
Personal Services	\$2,819,874	\$2,708,487	\$2,875,600
Employee Related Expenditures	\$979,886	\$922,881	\$1,144,600
Prof & Outside	\$30,258	\$27,328	\$5,000
Travel In-State	\$0	\$0	\$0
Travel Out-State	\$0	\$0	\$0
Other Operating Expenditures	\$462,722	\$501,924	\$436,900
Capital Outlay	\$0	\$0	\$0
Capital Equipment	\$0	\$0	\$0
Non-Capital Equipment	\$30,193	\$11,218	\$5,000
Transfers	\$0	\$0	\$0
Grand Total	<u>\$4,322,933</u>	<u>\$4,171,837</u>	<u>\$ 4,467,100</u>

End of Solicitation YH07-0044 Document